

**HEALTH SERVICES AND DEVELOPMENT AGENCY
FEBRUARY 28, 2018
APPLICATION SUMMARY**

NAME OF PROJECT: DeLozier Surgery Center

PROJECT NUMBER: CN1711-032

ADDRESS: 209 23rd Avenue North
Nashville, (Davidson County), TN 37203

LEGAL OWNER: DeLozier Surgey Center, LLC
209 23rd Avenue North
Nashville, (Davidson County), TN 37203

OPERATING ENTITY: Not Applicable

CONTACT PERSON: R. Brian White
(615) 369-6336 x11

DATE FILED: November 13, 2017

PROJECT COST: \$50,000

FINANCING: Cash Reserves

PURPOSE FOR FILING: Conversion of a single specialty ambulatory surgical treatment center (ASTC) to a multi-specialty ASTC

DESCRIPTION:

The DeLozier Surgery Center, an existing single specialty ambulatory surgical treatment center (ASTC) with one operating room dedicated to plastic surgery, is seeking approval to convert its single specialty ambulatory surgical treatment center located at 209 23rd Avenue North, Nashville (Davidson County), TN to a multi-specialty ASTC.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

Ambulatory Surgical Treatment Centers (*Revised May 23, 2013*)

The following apply:

1. Need. The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need.² An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

The applicant is projecting 1000 cases per operating room (OR) in Year One (2018) and Year Two (2019). In Year One the applicant will meet the above minimum requirement of 884 cases per operating room.

It appears that this criterion has been met.

2. Need and Economic Efficiencies. An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

Based on an average of 40 minutes per operating room case plus 15 minutes for turnover/prep, the operating room projected surgical hours will be 33.1 hours per week/OR or 1,720 hours in Year Two.

It appears this criterion has been met.

3. Need; Economic Efficiencies; Access. To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available³) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

There is one single-specialty plastic surgery ASTC, four single specialty pain management ASTCs, and nine multi-specialty ASTCs that performed plastic surgery, pain management, and/or podiatric surgical cases in the proposed service area in 2016.

4. Need and Economic Efficiencies. An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

Note to Agency members:

For a dedicated outpatient operating room:

- *Full Capacity is defined as 1,263 cases per year.*
- *Optimum Capacity is defined as 70% of full capacity, or 884 cases per year.*

For a dedicated outpatient procedure room:

- *Full Capacity is defined as 2,667 cases per year.*
- *Optimum capacity is defined as 70% of full capacity, or 1,867 cases per year.*

- Overall the fourteen ASTCs in the service area that performed plastic surgery, pain management, and/or podiatric surgical cases in 2016 were at 110.3% of the minimum operating room volume standard.
- Overall the fourteen ASTCs in the service area that performed plastic surgery, pain management, and/or podiatric surgical cases in 2016 were at 65.7% of the minimum procedure room volume standard.

It appears this criterion has been met regarding operating rooms but has not been met regarding procedure rooms.

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

Not applicable to this project. The applicant is proposing a multi-specialty surgery center.

6. Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

The applicant's service area consists of Davidson and Williamson Counties which is within 60 minutes of the applicant's ASTC location.

It appears this criterion has been met.

7. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available

Metro Davidson County public bus lines have stops within a half mile of the 23rd Avenue location on Charlotte Avenue and Elliston Place in Nashville.

It appears this criterion has been met.

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The applicant projects over 85% of patients will originate from Davidson (75%) and Williamson (10%) Counties. The applicant provided a patient origin chart on page 20 of the application.

It appears this criterion has been met.

9. Access and Economic Efficiencies. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The applicant projected annual utilization and specific methodology on page 18 of the original application.

It appears this criterion has been met.

10. Patient Safety and Quality of Care; Health Care Workforce.

- a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care (AAAHC), the American

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Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

The applicant is accredited by the American Association for Accreditation of Ambulatory Surgical Facilities.

It appears this criterion has been met.

- b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

The applicant will use the existing plastic surgeon and pain management physicians and podiatrists currently working in the market. The ASTC has experience in using PRN staff to assist with patient care during seasonally busy times of the year and has reasonable access to labor to accommodate the increased number of cases.

It appears this criterion has been met.

- 11 Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

Partial areas of Davidson County (Bordeaux/Inglewood) and Williamson County (Bethesda) are medically underserved.

It appears this criterion has been met.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

Since the applicant is not a hospital, this standard is not applicable to this proposed project.

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

Medicare/Managed Medicare-Charges will equal \$500,000 representing 25% of total gross revenue in Year One. The applicant currently does not participate in TennCare programs for plastic surgery. However, the applicant is open to negotiating with TennCare programs for podiatry and pain management.

It appears this criterion has been met.

- d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

Not applicable. The applicant is not seeking special consideration for case times.

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be a Note to Agency members in bold italics.

Application Synopsis

DeLozier Surgery Center, LLC seeks approval to establish and license a multi-specialty ambulatory surgical treatment center (ASTC) at 209 23rd Avenue North, Nashville, (Davidson County), TN. The applicant proposes to convert its single specialty ambulatory surgical treatment center (ASTC) with one operating room specializing in plastic surgery, to a multi-specialty ASTC to also include pain management and podiatry surgeries.

Note to Agency members: Even though the applicant has just expressed an interest in expanding into pain management and podiatry, the applicant is not asking to be limited to plastic surgery and these other two specialties. Please also note that without a condition on the CON the applicant could also add operating or procedure rooms at this site without a CON.

The proposed project is expected to be completed in March 2018.

Facility Information

- The ASTC is located in a 2 story 4,956 SF building built in 1910.
- The total square footage of the ASTC is 514 square feet. A floor plan drawing is included in Attachment B.IV. – Floor Plan.

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- The ASTC contains one 258 SF operating room, clean and unclean areas, sink, and an autoclave area.

History

- **February 26, 2003**-DeLozier Surgery Center was initially approved in CN0211-114A for the establishment and operation of a single-specialty one (1) operating room ambulatory surgery center (ASTC) and the initiation of outpatient plastic and reconstructive surgery.
- **January 25, 2012**-DeLozier Surgery Center was approved in CN1108-028A by the Agency for the modification and expansion of its existing single specialty Ambulatory Surgical Treatment Center (ASTC) from 1 operating room to 2 operating rooms. However, the project was never implemented by the applicant.
- **May 2, 2012**-The Tennessee Board for Licensing Health Care Facilities granted a request to the applicant that allows DeLozier Surgery Center to waive the requirement of 400 square feet for operating rooms used to perform Class C procedures to 250 square feet in accordance with their Certificate of Need which is limited to plastic surgery. For additional information, please see letter dated May 25, 2012 from the Tennessee Department of Health which is located in the attachments.

Ownership

- DeLozier Surgery Center, LLC is an active Tennessee Limited Liability Company formed in June 2003.
- The DeLozier Surgery Center, LLC is solely owned by Joseph B. DeLozier, III, MD.

NEED

Project Need

The applicant states a certificate of need for the conversion from a single specialty ambulatory surgical treatment center to a multi-specialty ASTC is being requested for the following reasons:

- Currently the corporate partnership model surgery centers are squeezing out pain management and podiatry for higher revenue procedures in orthopedics, ophthalmology, and neurosurgery.
- The existing pain management centers are owned by specific pain management service providers and are not reasonably accessible to providers not employed by those groups.

- The expansion will provide greater access to patients, expand the available options for surgical treatment of pain management and podiatry patients.

Service Area Demographics

DeLozier Surgery Center's primary service area (PSA) consists of Davidson and Williamson Counties. Highlights of the applicant's proposed service area are provided as follows:

- The total population of the PSA is estimated at 923,587 residents in CY 2018 increasing by approximately 7% to 988,039 residents in CY 2022.
- The overall Tennessee statewide population is projected to grow by 4.4% from 2018 to 2022.
- Residents age 18 and older account for approximately 75.4% of the total PSA population compared to 77.1% statewide.
- The age 18 and older resident population is expected to increase by 6.9% compared to 4.8% statewide from CY2018 - CY2022.
- Residents age 65 and older account for approximately 12.2% of the total PSA population compared to 16.9% statewide.
- The age 65 and older resident population is expected to increase by 18.7% compared to 15.8% statewide from CY2018 - CY2022.
- The number of residents enrolled in TennCare is approximately 17% of the total PSA population compared to 21% statewide.

Service Area Historical Utilization

There are 14 ASTCs in the service area that provided plastic surgery, pain management, and/or podiatric surgery in 2016. Seven ASTCs provided podiatric surgery, thirteen ASTCs provided pain management services, and eight ASTCs provided plastic surgery services in 2016.

There was one single specialty ASTC limited to plastic surgery, and 4 single specialty ASTCs limited to pain management, and nine multi-specialty ASTCs in the service area.

The table below identifies the utilization trends by specialty and total utilization trends for the fourteen ASTCs. One additional ASTC, Nashville Surgery Center, has been inactive since September 2015 and did not file a JAR for 2016.

ASTC Utilization Trends for Select Specialties, 2015-2016

Podiatry				
ASTC	County	2015 Cases	2016 Cases	% Change 15-16
Centennial Surgery Center	Davidson	114	95	-16.7%
Nashville Surgery Center	Davidson	22	NA	-NA
Northridge Surgery Center	Davidson	339	313	-7.7%
St. Thomas Surgicare	Davidson	89	74	-16.9%
Summit Surgery Center	Davidson	136	169	+24.3%
Cool Springs Surgery Center	Williamson	179	183	+2.2%
Franklin Endoscopy Center	Williamson	0	41	NA
Subtotal		879	875	-0.5%
Pain Management				
Baptist Ambulatory Surgery Center	Davidson	1,829	1,955	+6.9%
Baptist Plaza Surgicare	Davidson	728	1,160	+59.3%
Centennial Surgery Center	Davidson	591	784	+32.7%
Northridge Surgery Center	Davidson	241	221	-8.3%
Premier Orthopedic	Davidson	597	474	-20.6%
Premier Radiology Pain Mgmt. Center	Davidson	2,114	2,002	-5.3%
St. Thomas OP Neurological	Davidson	4,500	4,589	+2.0%
St. Thomas Surgicare	Davidson	1,245	1,322	+6.2%
Summit Surgery Center	Davidson	274	337	+23.0%
Tennessee Pain Surgery Center	Davidson	7,574	10,372	+36.9%
Cool Springs Surgery Center	Williamson	864	1,094	+26.6%
Cross Roads Surgery Center	Williamson	137	748	+445.0%
Franklin Endoscopy Center	Williamson	0	1	NA
Subtotal		20,694	25,059	+21.1%
Plastic Surgery				
Baptist Plaza Surgicare	Davidson	834	814	-1.9%
Centennial Surgery Center	Davidson	144	132	-8.3%
DeLozier Surgery Center	Davidson	457	449	-1.8%
Nashville Surgery Center	Davidson	156	0	NA
Northridge Surgery Center	Davidson	16	13	-18.8%
St. Thomas Surgicare	Davidson	304	291	-4.3%
Summit Surgery Center	Davidson	46	49	6.5%
Cool Springs Surgery Center	Williamson	285	286	0.4%
Subtotal		2,242	2,034	-9.3%
3 Specialty Total		23,815	27,968	+14.8%
Total Cases				
Baptist Ambulatory Surgery Center	Davidson	7,552	7,610	+0.8%
Baptist Plaza Surgicare	Davidson	8,237	8,769	+6.5%
Centennial Surgery Center	Davidson	7,038	7,531	+7.0%
DeLozier Surgery Center	Davidson	457	449	-17.5%
Nashville Surgery Center	Davidson	581	0	-100.0%
Northridge Surgery Center	Davidson	2,304	2,484	+7.8%
Premier Orthopedic	Davidson	2,165	2,029	-6.3%
Premier Radiology Pain Mgmt. Center	Davidson	2,114	2,002	-5.3%

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St. Thomas OP Neurological	Davidson	4,500	4,589	+2.0%
St. Thomas Surgicare	Davidson	7,203	7,290	+1.2%
Summit Surgery Center	Davidson	4,369	5,411	+23.8%
Tennessee Pain Surgery Center	Davidson	7,574	10,372	+36.9%
Cool Springs Surgery Center	Williamson	8,194	9,224	+12.6%
Cross Roads Surgery Center	Williamson	137	748	+18.2%
Franklin Endoscopy Center	Williamson	4,003	4,732	+18.2%
Total Cases		66,248	73,240	+10.3%

Note to Agency members: In the second supplemental response the applicant provided surgical utilization trends from 2014 to 2016 suggesting a very significant decline in cases after 2014 and suggesting that there was a “squeezing out” of those cases from ASTCs. It should be pointed out that the format of the ASTC JAR changed significantly in 2015. Surgical cases were counted at that time while prior to 2015 surgical procedures were counted. The CON criteria and standards for ASTCs define a case as follows “Case shall mean one visit to an Operating Room or to a Procedure Room by one patient, regardless of the number of surgeries or procedures performed during that visit.” As the definition suggests it’s possible multiple procedures can be performed during a case. Presenting a utilization trend that compares procedures to cases is an “apples to oranges comparison”, such that the large decline in utilization between 2014 and 2016 presented by the applicant is likely overstated. HSDA staff considered utilization trends between 2015 and 2016 where cases were being counted both years and thus reasonable to compare.

- There was little change between 2015 and 2016 in podiatry cases performed at ASTCs in the service area.
- The range of utilization changes was 24.3% increase at Summit Surgery Center to a 16.9% decrease at St. Thomas Surgicare
- There was an overall increase of 21% between 2015 and 2016 in pain management cases performed at ASTCs in the service area.
- The range of utilization changes was 445% increase at Crossroads Surgery Center to a 20.6% decrease at Premier Orthopedic
- There was an overall 9.3% decrease between 2015 and 2016 in plastic surgery cases performed at ASTCs in the service area.
- The range of utilization changes was 6.5% increase at Summit Surgery Center to an 18.8% decrease at Northridge Surgery Center.
- For the three specialties combined there was an overall increase of 14.8%, which was mainly due to the growth in pain management cases.
- For total cases at these ASTCs, there was an overall increase of 10.3%.

**Plastic Surgery, Pain Management, and Podiatry Cases
Contribution to Service Area ASTCs**

County	ASTC	Specialty Type	2016 PS Cases	2016 PM Cases	2016 PD Cases	2016 Sub-Total	2016 Total	2016 Sub-Total as a % of Total
Davidson	Baptist Ambulatory Surgery Center	Multi	0	1,955	0	1,955	7,610	25.7%
Davidson	Baptist Plaza Surgicare	Multi	814	1,160	0	1,974	8,769	22.5%
Davidson	Centennial Surgery Center	Multi	132	784	95	1,011	7,531	13.4%
Davidson	DeLozier	Single (PS)	449	0	0	449	449	100.0%
Davidson	Northridge Surgery Center	Multi	13	221	313	547	2,484	22.0%
Davidson	Premier Orthopedic	Multi	0	474	0	474	2,029	23.4%
Davidson	Premier Radiology Pain Mgmt. Center	Single (PM)	0	2,002	0	2,002	2,002	100.0%
Davidson	St. Thomas OP Neurological	Single (PM)	0	4,589	0	4,589	4,589	100.0%
Davidson	St. Thomas Surgicare	Multi	291	1,322	74	1,687	7,290	23.1%
Davidson	Summit Surgery Center	Multi	49	337	169	555	5,411	10.3%
Davidson	Tennessee Pain Surgery Center	Single (PM)	0	10,372	0	10,372	10,372	100.0%
Williamson	Cool Springs Surgery Center	Multi	286	1,094	183	1,563	9,224	16.9%
Williamson	Cross Roads Surgery Center	Single (PM)	0	748	0	748	748	100.0%
Williamson	Franklin Endoscopy Center	Multi	0	1	41	42	4,732	0.9%
TOTAL			2,034	25,059	875	27,968	73,240	38.2%

PS=Plastic Surgery, PM=Pain Management, PD =Podiatry
Source: ASTC JAR, 2016

- Except for DeLozier Surgery Center which only performs plastic surgery cases, and Premier Radiology, St. Thomas OP Neurosurgical, Tennessee Pain Surgery, and Cross Roads that only perform pain management cases, the three specialties combined did not account for more than 25% of the caseload for any of the nine multi-specialty surgery centers in Davidson and Williamson Counties reporting in 2016.
- The percentage of the three specialties combined as a % of total for those multi-specialty ASTCs ranged from 0.9% in Franklin Endoscopy to 25.7% at Baptist Ambulatory Surgery Center in 2016.

2016 Service Area ASTC Utilization

County	ASTC	# ORs	# OR Cases	# Cases per OR	% of meeting 884 Minimum	# PRs	# PR Cases	# Cases per PR	% of Meeting 1,867 Minimum
Davidson	Baptist ASC	6	5,650	941.7	106.5%	1	1,960	1960.0	105.0%
Davidson	Baptist Plaza Surgicare	9	8,487	943.0	106.7%	1	282	282.0	15.1%
Davidson	Centennial	6	5,216	869.3	98.3%	2	2,315	1,157.5	62.0%
Davidson	DeLozier	1	449	449	50.8%	0	NA	NA	NA
Davidson	Northridge	5	2,171	434.2	49.1%	2	313	156.5	8.4%
Davidson	Premier Orthopedic	2	2,029	1,014.5	114.8%	0	NA	NA	NA
Davidson	Premier Radiology	0	0	0	0	2	2,002	1,001.0	53.6%
Davidson	St. Thomas OP Neuro.	2	4,589	2,294.5	259.6%	1	0	0	0.0%
Davidson	St. Thomas Surgicare	6	5,973	995.5	112.6%	1	1,317	1,317	70.5%
Davidson	Summit ASTC	5	4,983	996.6	112.7%	1	428	428.0	22.9%
Davidson	TN Pain Surgery	1	2,210	2,210	250.0%	3	8,162	2,720.7	145.7%
Williamson	Cool Spring ASTC	5	5,698	1,139.6	128.9%	2	3,526	1,763.0	94.4%
Williamson	Cross Roads	0	0			2	748	374.0	20.0%
Williamson	Franklin Endoscopy	2	1,283	641.5	72.6%	2	3,489	1,744.5	93.4%
	Grand Total/Average	50	48,738	974.8	110.3%	20	24,542	1,227.1	65.7%

Source: ASTC JAR

- Eight of the fourteen ASTCs in Davidson and Williamson Counties that performed plastic surgery, pain management, and/or podiatric surgery in 2016 met or exceeded the minimum surgical volume operating room standard.
- The range was from 49.1% at Northridge to 259.6% at St. Thomas OP Neurosurgical.
- Overall the fourteen ASTCs were at 110.3% of the minimum operating room volume standard.
- Two of the fourteen ASTCs in Davidson and Williamson Counties that have procedure rooms and performed one or more of the three specialties in 2016 met or exceeded the minimum surgical volume procedure room standard.
- The range was from 0.0% at St. Thomas OP Neurosurgical to 145.7% at Tennessee Pain Surgery.

- Overall the fourteen ASTCs were at 65.7% of the minimum procedure room volume standard.

2016 Service Area Hospital Outpatient Surgery Utilization

County	Hospital	2016 PS Cases	2016 PM Cases	2016 PD Cases	2016 Sub- Total	2016 Total	2016 Sub- Total as a % of Total
Davidson	Metro Nashville General	6	0	0	6	2,641	0.2%
Davidson	St. Thomas Midtown	376	1	0	377	8,211	4.6%
Davidson	ST. Thomas West	297	8	197	502	6,299	8.0%
Davidson	Centennial	2,088	160	98	2,346	25,861	9.1%
Davidson	Skyline	318	33	20	371	5,098	7.3%
Davidson	Southern Hills	0	15	128	143	5,056	2.8%
Davidson	Summit	61	4	9	74	4,199	1.8%
Davidson	Vanderbilt	1,889	0	0	1,889	35,724	5.3%
Williamson	Williamson Medical Center	6	8	0	14	5,045	0.3%
	TOTAL	5,041	229	452	5,722	98,134	5.8%

PS=Plastic Surgery, PM=Pain Management, PD =Podiatry
Source: 2016 Hospital JAR

- In 2016 nine of the hospitals in Davidson and Williamson Counties provided outpatient plastic surgery, pain management, and/or podiatric surgery services.
- The three specialties combined accounted for 5.8% of total outpatient surgeries performed at the nine service area hospitals.
- The percentage of the three specialties combined as a % of total for those hospitals ranged from 0.2% at Metro Nashville General to 9.1% at Centennial Medical Center.

Applicant's Projected Utilization

The following are DeLozier Surgery Center's surgical case projections by specialty for Year One and Year Two.

Specialty	# of Surgeons	Year 1 OR Cases	Year 2 OR Cases
Podiatry	1	100	100
Plastic Surgery	1	450	450
Pain Management	1	450	450
Total	3	1,000	1,000

Source: CN1711-032 Supplemental #1

- In Year One, Podiatry surgery will represent 100 OR cases, or 10% of the total OR cases projected by DeLozier Surgery Center.
- Plastic Surgery and Pain Management will each represent 450 OR cases, or 90% of the total OR cases projected by the applicant in Year One.

ECONOMIC FEASIBILITY

Project Cost

Major costs of the \$50,000 total estimated project cost are as follows:

- Equipment (C-Arm) of \$25,000 or approximately 50% of the total project cost.
- Legal, Administrative, Consultant Fees \$10,000 of \$50,000 or approximately 20% of total cost.
- For other details on Project Cost, see the Project Cost Chart on page 25 of the application.

Financing

A November 21, 2017 letter included in Supplemental #1 from Joseph B. DeLozier, III, MD, owner of DeLozier Surgery Center, certifies that existing cash reserves will be used for the proposed project.

A November 6, 2017 letter from Mike Blanchard, Senior Vice-President of Pinnacle Financial Partners, verified that after reviewing the financial records of DeLozier Surgery Centers, the company has adequate reserves to fund the proposed \$50,000 project without undue stress on the ongoing performance of the practice.

Net Operating Margin Ratio

- The applicant projects a net operating margin ratio for the total facility of 31% in Year One and Year Two.

Note to Agency Members: The net operating margin demonstrates how much revenue is left over after all the variable or operating costs have been paid.

Historical Data Chart

The applicant provided a Historical Data Chart for DeLozier Surgery Center.

- DeLozier Surgery Center reported Free Cash Flow (Net Balance + Depreciation) of \$138,330 in FY2014, \$176,646 in FY2015, and \$68,463 in FY2016.

Projected Data Chart

The applicant projects \$2,000,000 in total gross revenue on 1,000 surgical cases during the first year and second of operation. (approximately \$2,000 per case). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal \$307,000 in Year One and in Year Two.
- Net operating revenue after bad debt and contractual adjustments is expected to equal \$1,100,000 or approximately 55% of total gross revenue in Year Two.
- The applicant did not designate any charity care in the Projected Data Chart.

Note to Agency members: In Supplemental One, the applicant indicated charity care is performed by Dr. DeLozier and generally relate to pediatric cranio-facial patients who are more appropriately treated in a hospital setting. Those cases are taken on a case by case basis. The ASTC accounts on a cash basis, therefore those charity cases generate no revenue and are not included in the financials of the applicant.

Charges

In Year One of the proposed project, the average charge per surgical case is as follows:

- Average Gross Charge
- \$2,000
- Average Deduction from Operating Revenue
- \$900
- Average Net Charge
- \$1,100

Payor Mix

- TennCare/Medicaid-Charges will equal \$0 in Year One.
- Medicare/Managed Medicare- Charges will equal \$500,000 representing 25% of total gross revenue.

- Commercial/Other Managed Care-Charges will equal \$900,000 or 45% of total gross revenue.
- Self-Pay-Charges will equal 600,000 or \$30% of total gross revenue.

Note to Agency members: In supplemental #1, the applicant notes the ASTC plans to negotiate contracts with TennCare for podiatry and pain management in the future.

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure

- DeLozier Surgery Center is currently licensed by the Tennessee Department of Health as a single-specialty ASTC limited to plastic and reconstructive surgery which expires November 5, 2018.
- A copy of the most recent Department of Health survey dated February 3, 2015 is included in the original application.

Certification

- The applicant is currently Medicare certified.

Accreditation

- The applicant is accredited by American Association for Accreditation of Ambulatory Surgery Facilities (AAAASF) which expires May 2, 2018.

Other Quality Standards

- In the first supplemental response the applicant commits to obtaining and/or maintaining the following:
 - Staffing levels
 - Licenses in good standing
 - Medicare certification and will look into revisiting negotiations with TennCare
 - Self-assessment and external peer assessment processes through participation in AAAASF.
 - Maintaining criteria developed to evaluate and extend surgical and anesthesia privileges to medical personnel

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

- The applicant currently has a transfer agreement with St. Thomas Mid-Town Hospital (Davidson County).
- The applicant will require all participating physicians/surgeons to have admitting privileges at St. Thomas Midtown enabling them to follow patients admitted in case of emergency.

Impact on Existing Providers

- The applicant indicates the proposed project should not impact the existing single/dual specialty ASTCs or hospitals in the service area.

Staffing

The applicant's proposed direct patient care staffing in Year One includes the following:

Position Type	Current	Year One FTEs
Nurses	3.0	7.0
CRNA	1.0	1.5
Total Direct Care Staff	4	8.5

Source: CN1711-032

Corporate documentation, real estate lease, and detailed demographic information are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent or denied applications for similar service area entities proposing this type of service.

Pending Applications

Plastic Surgery Center of Brentwood, CN1711-035, has an application that will be heard at the February 28, 2018 Agency meeting for the establishment of a single specialty ambulatory surgical treatment center (ASTC) with two operating rooms and one procedure room to be located at 620 Church Street East, Brentwood (Davidson County), TN 37027. The ASTC will be limited to plastic surgery cases and procedures performed by medical physicians who are owners or employees of the Plastic Surgery Clinic, PLLC d/b/a Cool Springs Plastic Surgery. The estimated project cost is **\$4,524,636**.

Outstanding Certificate of Need

Southern Hills Surgery Center, CN1411-047A, has an outstanding Certificate of Need that will expire June 24, 2019. The project was heard at the May 27, 2015 Agency meeting for the relocation of Southern Hills Surgery Center from 360 Wallace Road, Nashville (Davidson County), TN 37211, to leased space in a building to be constructed at an unaddressed site in the northeast corner of the intersection of Old Hickory Boulevard and American Way, Brentwood (Davidson County), TN 37250. The estimated project cost is **\$17,357,832.00**. *Project Status Update: The project was under appeal by Saint Thomas Campus Surgicare, L.P., Baptist Surgery Center, L.P., Baptist Plaza Surgicare, L.P., Franklin Endoscopy Center, LLC, and Physicians Pavilion, L.P; however the contested case was dismissed in 2017. A February 2, 2018 update from the applicant stated that the ASTC will lease space in a new Medical Office Building (MOB) to be constructed on an undeveloped parcel of land by a 3rd party developer (HCPI). Architectural plans have been completed, subject to any changes. Pre-syndication is underway and a formal syndication package to soon be delivered to potential physician investors.*

Centennial Medical Center, CN1407-032A, has an outstanding Certificate of Need that will expire on June 2, 2019 (*extended due to appeal*). The project was approved at the October 22, 2014 Agency meeting for the renovation of the main emergency department, the development of a Joint Replacement Center of Excellence with 10 additional operating rooms; and the increase of the hospital's licensed bed complement from 657 to 686 beds. The estimated project cost was **\$96,192,007.00**. *Project Status Update: An Appeals Hearing Decision was favorable on May 16, 2016. A September 15, 2017 update from a project representative indicated the vertical steel expansion on the north tower is complete and other milestones are being achieved and anticipating to be completed by contracted date.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME
2/21/18

LETTER OF INTENT



State of Tennessee

Health Services and Development Agency

Andrew Jackson Building, 9th Floor

502 Deaderick Street

Nashville, TN 37243

www.tn.gov/hdda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the The Tennessean which is a newspaper
 of general circulation in Davidson (Name of Newspaper)
 , Tennessee, on or before November 10, 20 17
 (County) (Month / day) (Year)
 for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

DeLozier Surgery Center

ASTC

(Name of Applicant)

(Facility Type-Existing)

owned by: DeLozier Surgery Center, LLC with an ownership type of LLC
 and to be managed by: Owner intends to file an application for a Certificate of Need
 for [PROJECT DESCRIPTION BEGINS HERE]:

Conversion of an existing plastic surgery single specialty ASTC at 209 23rd Avenue North Nashville, TN

37203 to a multi-specialty ASTC. Project Cost is \$50,000.

The anticipated date of filing the application is: November 15, 20 17

The contact person for this project is Brian White
 (Contact Name) (Title)

who may be reached at: Competitive Solutions, LLC 720 Cool Springs Blvd. #470
 (Company Name) (Address)
Franklin TN 37067 615 / 369-6336 x11
 (City) (State) (Zip Code) (Area Code / Phone Number)

(Signature)

11/8/2017

(Date)

info@competitivesolutions.com

(E-mail Address)

The Letter of Intent must be **filed in triplicate** and **received between the first and the tenth day of the month**. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Application
(Original)

DeLozier Surgery Center

CN1711-032

**State of Tennessee Health Services and Development Agency**

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION**SECTION A: APPLICANT PROFILE****1. Name of Facility, Agency, or Institution**

DeLozier Surgery Center

Name

209 23rd Avenue North

Davidson

Street or Route

Nashville

TN

County

37203

City

State

Zip Code

Website address: www.drdelozier.com

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

2. Contact Person Available for Responses to Questions

Brian White

Name

Competitive Solutions, LLC

Title

info@competitivesolutions.com

Company Name

720 Cool Springs Blvd. Suite 470

Franklin

Email address

TN 37067

Street or Route

Consultant

City

615.369.6336 x11

State

Zip Code

615.369.6336

Association with Owner

Phone Number

Fax Number

NOTE: Section A is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on **8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response.** All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.**

3. SECTION A: EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;

DeLozier Surgery Center intends to convert the current single specialty plastic surgery ASTC with 1 operating room to a multi-specialty ASTC with no increase in the bed complement.

- 2) Ownership structure;

The ownership structure will remain the same with DeLozier Surgery Center, LLC owning 100% of the ASTC and controlled by its sole member, Dr. Joseph B. DeLozier, III, MD.

- 3) Service area;

The ASTC will continue to service Davidson and Williamson counties with approximately 85% of the centers business derived from those two counties. No other county accounts for more than 5% of the projected case volume. The additional specialties served by the ASTC will be pain management and podiatry.

- 4) Existing similar service providers;

The market is currently served by 9 multi-specialty ASTCs open to all market providers and 2 ASTCs dedicated to pain management limited to the owner practices. The multi-specialty ASTCs currently restrict access to pain management and podiatry in favor of more profitable lines of service including orthopedic surgery, ophthalmology and GI. Plastic surgery, pain management and podiatry have seen significant reductions in case volume in the existing centers over the past three years.

- 5) Project cost;

The Project Cost is estimated to be \$50,000

- 6) Funding;

The Project will be funded by the current owners of the center from operating income and cash reserves.

- 7) Financial Feasibility including when the proposal will realize a positive financial margin; and

Because the plan will not expand the physical plant of the ASTC, the project requires very little investment and is financially feasible as it will increase the revenue of the ASTC with little to no fixed cost associated with the expansion. The project will add to the financial margin almost immediately.

8) Staffing.

The ASTC's new services will be staffed with pain management physicians and podiatrists currently working in the market and current ancillary staff will expand their work hours to accommodate the new volume. Some PRN additional labor may be required and the ASTC currently has a pool of ancillary staff that works on an as needed basis.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need;

Currently the corporate partnership model surgery centers are squeezing out pain management and podiatry for higher revenue procedures in orthopedics, ophthalmology and neurosurgery. The existing pain management centers are owned by specific pain management service providers and not reasonably accessible to providers not employed by those groups. The expansion will provide greater access to patients, expand the available options for surgical treatment of pain management and podiatry patients.

2) Economic Feasibility;

The addition of these services will require minimal investment in equipment, reducing the cost of entry. The expansion of services will allow DeLozier Surgery Center to expand the use of existing infrastructure generating greater access for patients and immediate revenue expansion at limited increase in fixed cost.

3) Appropriate Quality Standards; and

DeLozier Surgery Center currently participates in Medicare certification programs as well as AAAASF accreditation programs and will expand those quality programs to the new service lines offered.

The American Association for Accreditation of Ambulatory Surgery Facilities, Inc. (AAAASF) was established in 1980 to standardize and improve the quality of health care in outpatient facilities. AAAASF accredits thousands of facilities world-wide, making it one of the largest not-for-profit outpatient accrediting organizations.

AAAASF accreditation programs help facilities demonstrate a strong commitment to patient safety, standardize quality, maintain fiscal responsibility, promote services to patients and collaborate with other health care leaders.

AAAASF provides official recognition to facilities that have met 100% of its high standards. Accreditation assures the public that patient safety is top priority in a facility.

An accredited facility must comply with the most stringent set of applicable standards available in the nation and meet our strict requirements for facility director, medical specialist certification and staff credentials. It also must pass a thorough survey by qualified AAAASF surveyors.

An accredited facility is re-evaluated through a self-survey every year, and an onsite survey every three years. Facilities must continuously comply with all AAAASF accreditation standards between surveys. Upon approval, an accredited facility must prominently display its accreditation certificate in public view.

An accredited facility must be fully equipped to perform procedures in the medical specialties listed on its accreditation application.

4) Orderly Development to adequate and effective health care.

This conversion to multi-specialty ASTC from single specialty ASTC designation will not change the overall operating rooms in the market, will improve access to care for pain management and podiatry patients in a ASTC that is already fully credentialed and compliant with local, state and federal regulations. The ASTC will serve patients across all demographic groups in Davidson and Williamson counties.

4. SECTION A: PROJECT DETAILS**Owner of the Facility, Agency or Institution****A.**

<u>DeLozier Surgery Center, LLC</u>		<u>615.565.9000</u>
Name		Phone Number
<u>209 23rd Avenue North</u>		<u>Davidson</u>
Street or Route		County
<u>Nashville</u>	<u>TN</u>	<u>37203</u>
City	State	Zip Code

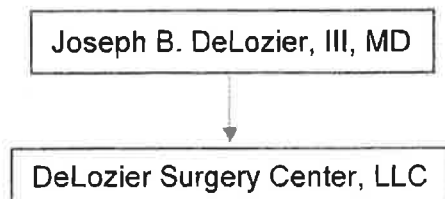
B. Type of Ownership of Control (Check One)

- | | |
|---------------------------------------|---------------------------------------|
| A. Sole Proprietorship _____ | F. Government (State of TN or _____ |
| B. Partnership _____ | Political Subdivision) |
| C. Limited Partnership _____ | G. Joint Venture _____ |
| D. Corporation (For Profit) _____ | H. Limited Liability Company <u>X</u> |
| E. Corporation (Not-for-Profit) _____ | I. Other (Specify) _____ |

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>. **Attachment Section A-4A.**

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

DeLozier Surgery Center, LLC is a single member LLC wholly (100%) owned by Joseph B. DeLozier, III, MD



5. Name of Management/Operating Entity (If Applicable)

Not Applicable

Name

Street or Route

County

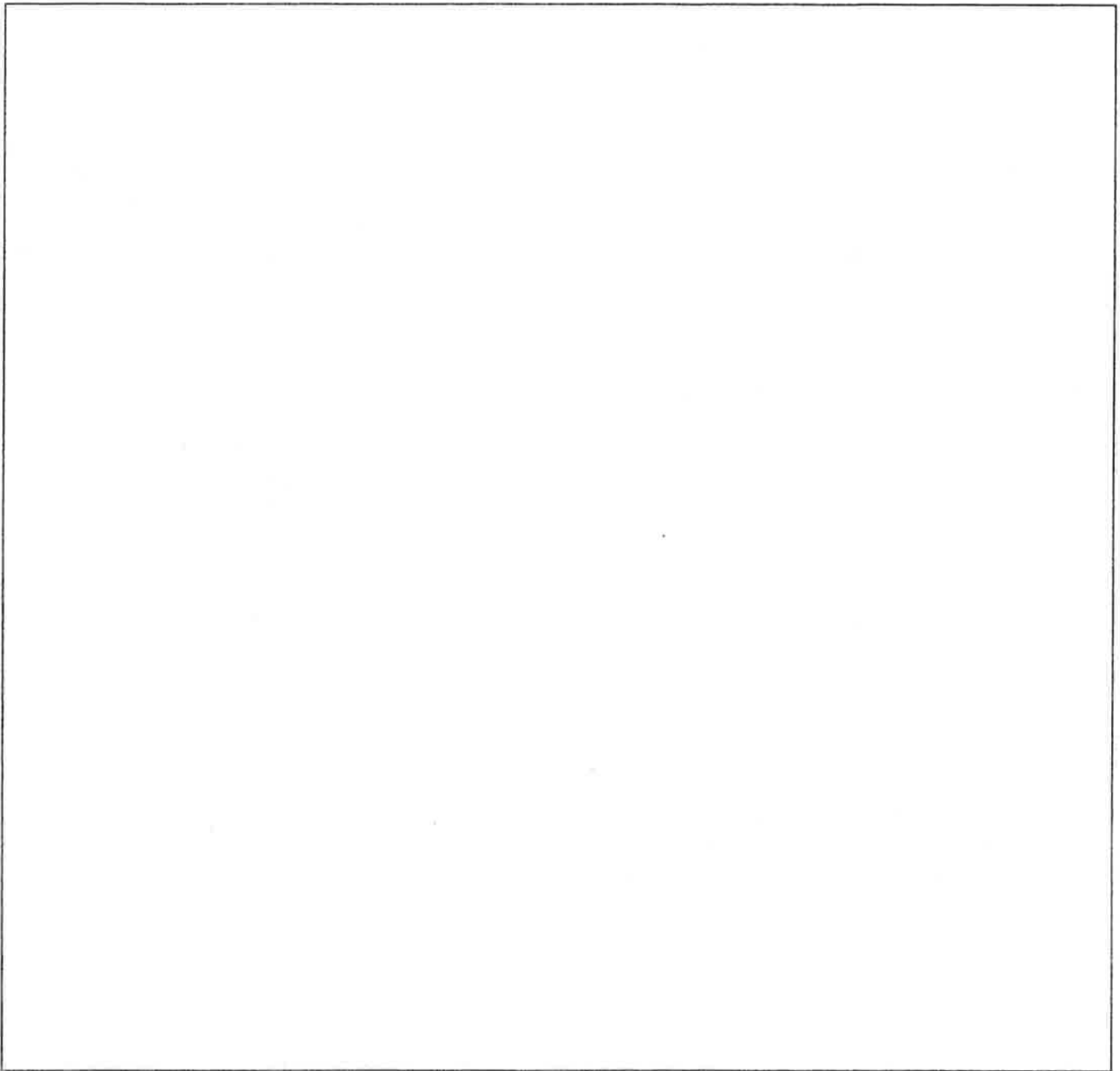
City

State

Zip Code

Website address:

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. Attachment Section A-5.



November 27, 2017

11:59 am

6A. Legal Interest in the Site of the Institution (Check One)

- 1) Ownership X D. Option to Lease
 2) Option to Purchase E. Other (Specify)
 3) Lease of Years

Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements **must include** anticipated purchase price. Lease/Option to Lease Agreements **must include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.

6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site on an 8 1/2" x 11" sheet of white paper, single or double-sided. DO NOT SUBMIT BLUEPRINTS. Simple line drawings should be submitted and need not be drawn to scale.

4) Plot Plan **must include**:

- a. Size of site (***in acres***);
- b. Location of structure on the site;
- c. Location of the proposed construction/renovation; and
- d. Names of streets, roads or highway that cross or border the site.

5) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 1/2 by 11 sheet of paper or as many as necessary to illustrate the floor plan.

The ASTC encompasses 514 sq.ft. The existing Operating Room encompasses 258 sq.ft. compliant under the waiver for a plastic surgery operating room and will additionally meet the standard for podiatry and pain management.

6) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Metro Davidson County bus lines have stops within a half mile of the 23rd Avenue location on Charlotte Avenue and Elliston Place. There is no public transportation stop on 23rd Avenue between Charlotte Avenue and Elliston Place.

Attachment Section A-6A, 6B-1 a-d, 6B-2, 6B-3.

7. **Type of Institution** (Check as appropriate--more than one response may apply) **November 27, 2017 11:59 am**

- | | |
|--|---|
| A. Hospital (Specify) _____ | H. Nursing Home _____ |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty <u>X</u> | I. Outpatient Diagnostic Center _____ |
| C. ASTC, Single Specialty _____ | J. Rehabilitation Facility _____ |
| D. Home Health Agency _____ | K. Residential Hospice _____ |
| E. Hospice _____ | L. Nonresidential Substitution-Based Treatment Center for _____ |
| F. Mental Health Hospital _____ | Opiate Addiction _____ |
| G. Intellectual Disability Institutional Habilitation Facility _____ | M. Other (Specify) _____ |
| ICF/IID _____ | |

Check appropriate lines(s).

8. **Purpose of Review** (Check appropriate lines(s) – more than one response may apply)

- | | |
|--|---|
| A. New Institution _____ | F. Change in Bed Complement _____ |
| B. Modifying an ASTC with limitation still required per CON <u>X</u> | [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] |
| C. Addition of MRI Unit _____ | G. Satellite Emergency Dept. _____ |
| D. Pediatric MRI _____ | H. Change of Location _____ |
| E. Initiation of Health Care Service as defined in T.C.A. §68-11-1607(4) _____ | I. Other (Specify) _____ |
| (Specify) _____ | |

9. **Medicaid/TennCare, Medicare Participation**

MCO Contracts [Check all that apply]

___AmeriGroup ___United Healthcare Community Plan ___BlueCare ___TennCare Select

Medicare Provider Number 3089369

Medicaid Provider Number _____

Certification Type _____

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Medicare Yes No N/A Medicaid/TennCare Yes No N/A

The ASTC does not currently participate in TennCare programs. Original negotiations approximately 5 years ago broke down as reimbursement rates were not sufficient to cover the cost of plastic surgery cases in the ASTC. The ASTC is open to negotiating with TennCare programs for podiatry and pain management.

10. Bed Complement Data

November 30, 2017

10:54 am

A. Please indicate current and proposed distribution and certification of facility beds.

		<u>Current Licensed</u>	<u>Beds Staffed</u>	<u>Beds Proposed</u>	<u>*Beds Approved</u>	<u>**Beds Exempted</u>	<u>TOTAL Beds at Completion</u>
1)	Medical	_____	_____	_____	_____	_____	_____
2)	Surgical	_____	_____	_____	_____	_____	_____
3)	ICU/CCU	_____	_____	_____	_____	_____	_____
4)	Obstetrical	_____	_____	_____	_____	_____	_____
5)	NICU	_____	_____	_____	_____	_____	_____
6)	Pediatric	_____	_____	_____	_____	_____	_____
7)	Adult Psychiatric	_____	_____	_____	_____	_____	_____
8)	Geriatric Psychiatric	_____	_____	_____	_____	_____	_____
9)	Child/Adolescent Psychiatric	_____	_____	_____	_____	_____	_____
10)	Rehabilitation	_____	_____	_____	_____	_____	_____
11)	Adult Chemical Dependency	_____	_____	_____	_____	_____	_____
12)	Child/Adolescent Chemical Dependency	_____	_____	_____	_____	_____	_____
13)	Long-Term Care Hospital	_____	_____	_____	_____	_____	_____
14)	Swing Beds	_____	_____	_____	_____	_____	_____
15)	Nursing Home – SNF (Medicare only)	_____	_____	_____	_____	_____	_____
16)	Nursing Home – NF (Medicaid only)	_____	_____	_____	_____	_____	_____
17)	Nursing Home – SNF/NF (dually certified Medicare/Medicaid)	_____	_____	_____	_____	_____	_____
18)	Nursing Home – Licensed (non-certified)	_____	_____	_____	_____	_____	_____
19)	ICF/IID	_____	_____	_____	_____	_____	_____
20)	Residential Hospice	_____	_____	_____	_____	_____	_____
TOTAL		_____	_____	_____	_____	_____	_____

*Beds approved but not yet in service

**Beds exempted under 10% per 3 year provision

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. **Attachment Section A-10.**

C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.

CON Number(s)	CON Expiration Date	Total Licensed Beds Approved
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply:

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Maury	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	✖	✖	✖	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage						
					Renovated	New	Total				
<i>No Change</i>											
Unit/Department GSF Sub-Total											
Other GSF Total											
Total GSF											
*Total Cost											
**Cost Per Square Foot											
Cost per Square Foot Is Within Which Range (For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)					<input type="checkbox"/> Below 1 st Quartile	<input type="checkbox"/> Below 1 st Quartile	<input type="checkbox"/> Below 1 st Quartile				
					<input type="checkbox"/> Between 1 st and 2 nd Quartile	<input type="checkbox"/> Between 1 st and 2 nd Quartile	<input type="checkbox"/> Between 1 st and 2 nd Quartile				
					<input type="checkbox"/> Between 2 nd and 3 rd Quartile	<input type="checkbox"/> Between 2 nd and 3 rd Quartile	<input type="checkbox"/> Between 2 nd and 3 rd Quartile				
					<input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Above 3 rd Quartile				

* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

** Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

13. MRI, PET, and/or Linear Accelerator *Not Applicable*

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or
2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following: A. Complete the chart below for acquired equipment.

<input type="checkbox"/> Linear Accelerator	Mev _____	Types: <input type="checkbox"/> SRS <input type="checkbox"/> IMRT <input type="checkbox"/> IGRT <input type="checkbox"/> Other _____	
	<input type="checkbox"/> By Total _____	Purchase Cost*: _____	<input type="checkbox"/> By Lease _____
	<input type="checkbox"/> New <input type="checkbox"/> Refurbished	Expected Useful Life (yrs) _____	<input type="checkbox"/> If not new, how old? (yrs) _____
<input type="checkbox"/> MRI	Tesla: _____	Magnet: <input type="checkbox"/> Breast <input type="checkbox"/> Extremity <input type="checkbox"/> Open <input type="checkbox"/> Short Bore <input type="checkbox"/> Other _____	
	<input type="checkbox"/> By Total _____	Purchase Cost*: _____	<input type="checkbox"/> By Lease Expected _____
	<input type="checkbox"/> New <input type="checkbox"/> Refurbished	Useful Life (yrs) _____	<input type="checkbox"/> If not new, how old? (yrs) _____
<input type="checkbox"/> PET	<input type="checkbox"/> PET only <input type="checkbox"/> PET/CT <input type="checkbox"/> PET/MRI	<input type="checkbox"/> By Purchase	
	Total Cost*: _____	<input type="checkbox"/> By Lease	Expected Useful Life (yrs) _____
	<input type="checkbox"/> New <input type="checkbox"/> Refurbished	<input type="checkbox"/> If not new, how old? (yrs)	

* As defined by Agency Rule 0720-9-.01(13)

- B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.
- C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.
- D. Schedule of Operations:

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am – 3 pm)
Fixed Site (Applicant)	_____	_____
Mobile Locations (Applicant)		
(Name of Other Location)	_____	_____
(Name of Other Location)	_____	_____

- E. Identify the clinical applications to be provided that apply to the project.
- F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. **If a question does not apply to your project, indicate "Not Applicable (NA)."**

QUESTIONS SECTION

B: NEED

- A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at <http://www.tn.gov/hsda/article/hsda-criteria-and-standards>.
1. Need. The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need. An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

The Operating Room will be available Monday thru Saturday, approximately 300 days per year, 8 hours per day. The average time per outpatient surgery will be 40 minutes, 10 minutes for patient preparation, 20 minutes for performance of the procedure, and 10 minutes for patient recovery. The average time for cleanup and preparation between cases will be 10 minutes. This will allow the ASTC to have an estimated capacity well in excess of the 884 case per year guideline.

The plastic surgery cases performed have a broad range of time required during the procedure, from 30 minutes to several hours. The addition of pain management and podiatry cases will reduce the average time per

outpatient surgery as the planned procedures will be short in duration – between 20 and 30 minutes per outpatient procedure.

2. **Need and Economic Efficiencies.** An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

The projected hours of utilization for the first 8 quarters is as follows:

Quarter	Projected Hours
2018 Q1	430
2018 Q2	430
2018 Q3	430
2018 Q4	430
Total	
Year 1	1,720
2019 Q1	430
2019 Q2	430
2019 Q3	430
2019 Q4	430
Total	
Year 2	1,720

The center is currently used Monday thru Friday from approximately 7AM to 1PM. Current cases include blepharoplasty, reduction mammoplasty, breast reconstruction, augmentation mammoplasty, rhinoplasty and rhytidectomy among others.

The additional services will be performed Monday thru Friday from approximately 2PM to 5PM and on Saturdays from 8AM to 5PM. Those procedures will include facet joint injections, facet joint denervation, epidural steroid injections, transforaminal epidural injections, selective nerve root blocks, plantar fasciotomy, bunion corrections, etc.

3. **Need; Economic Efficiencies; Access.** To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available³) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

- *There are currently 46 Operating Rooms and 19 Procedure Rooms providing similar services in the market.*
 - *In 2016 the current Operating Rooms averaged 1002 cases per year and Procedure Rooms averaged 1062 cases per year.*
 - *However, the quantity of procedures in this project's target specialties decreased by the percentages below as availability of operating and procedure room time shifted to higher margin specialties:*
 - *Plastic Surgery down 64.03% from 2014 to 2016*
 - *Pain Management down 44% from 2014 to 2016*
 - *Podiatry down 74.79% from 2014 to 2016*
 - *The corporate and joint venture ASTCs are at or near capacity.*
 - *Population growth provides additional need. Tennessee Department of Health statistics indicate the two-county market has seen 9.96% population growth from 2010 to 2015.*
 - *Lower revenue per procedure services like plastics, pain and podiatry are getting squeezed out by higher revenue procedures like orthopedics, ophthalmology and neurosurgery. Those higher revenue procedures are also seeing increases in the percentage of cases moving from inpatient to outpatient environments.*
 - *This proposal does not increase the number of ASTC operating rooms in the market.*
4. **Need and Economic Efficiencies.** An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.
- *2016 Joint Annual Reports indicate that the average ASTC operating room in the target market has 1,002 cases per year, above the 884 threshold.*
 - *This proposed expansion of service will not increase the number of operating rooms in the market. This expansion will simply make better use of the existing operating room.*
5. **Need and Economic Efficiencies.** An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently

utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

- *Expansion of services to include pain and podiatry is needed because the bulk of the volume in the target market is in two centers that are restricted to the center ownership.*
- *The multi-specialty centers have low volumes in podiatry and pain management.*
- *Our plan has physicians in these specialties who are currently restricted in the number of procedures they can perform due to limited availability in the existing multi-specialty centers.*

6. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available.

- *Metro Davidson County bus lines have stops within a half mile of the 23rd Avenue location on Charlotte Avenue and Elliston Place.*

7. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

- *75% Davidson; 15% Williamson; Balance is broadly scattered from Cheatum, Sumner, Wilson and beyond.*
- *The Davidson/Williamson market has seen a significant drop in plastic surgery, pain management and podiatry services provided in the ASTC setting against a growing population. This project will improve access to those services to the market.*

8. Access and Economic Efficiencies. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The projected case volume for the first 8 quarters is as follows:

<i>Quarter</i>	<i>Projected Cases</i>
2018	
Q1	250
2018	
Q2	250
2018	
Q3	250
2018	
Q4	250
Total	
Year 1	1000
2019	
Q1	250
2019	
Q2	250
2019	
Q3	250
2019	
Q4	250
Total	
Year 2	1000

Dr. DeLozier has historically performed between 440 and 480 procedures per year as reported in his Joint Annual Reports. The addition of pain management and podiatry procedures is anticipated to increase the number of procedures performed by between 500 and 600 procedures annually, reaching a total of approximately 1000 procedures per year.

The additional pain management and podiatry services projected are based upon estimated current volume provided by physicians interested in using the operating room in its current setting.

9. Patient Safety and Quality of Care; Health Care Workforce.

a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

Center is currently accredited by American Association for Accreditation of Ambulatory Surgical Facilities.

b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

Current plan is for 1 existing plastic surgeon; 1 pain management physician and 1 podiatrist. The center will use existing staff and fill hours as necessary with PRN nursing and techs readily identified and available in the market. The ASTC currently uses PRN labor to assist with patient care during seasonally busy times of year and has reasonable access to labor to accommodate the increased number of cases.

11. Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

Not Applicable

b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

Not Applicable

c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

DeLozier Surgery Center currently participates in Medicare.

d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

Not Applicable

B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

Not Applicable

C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. **Attachment Section B**
- Need-C.

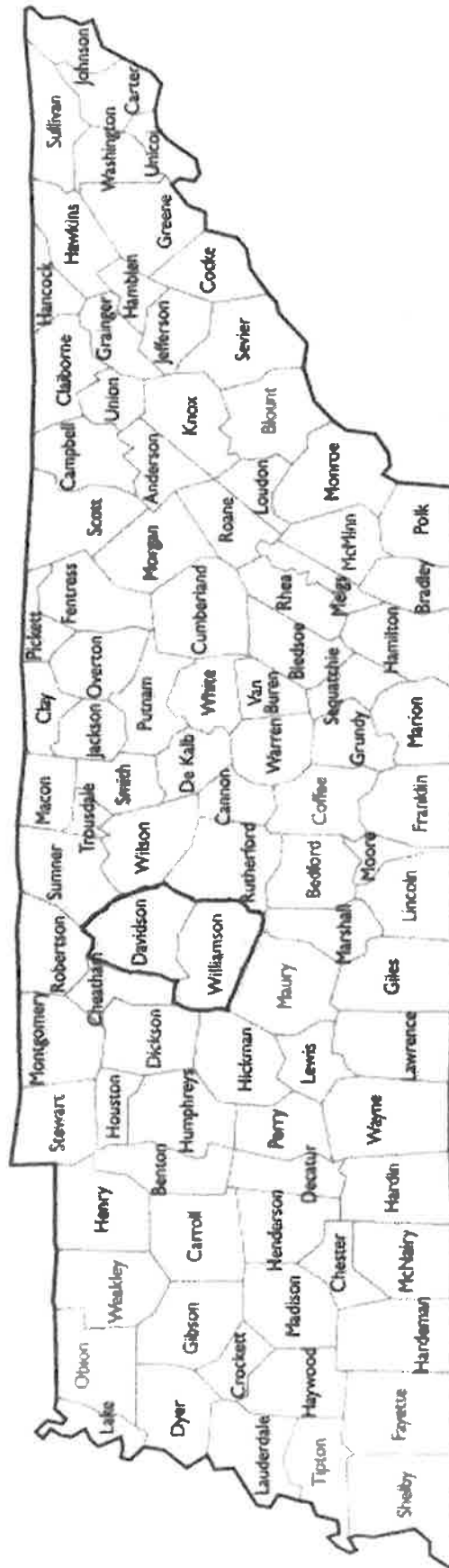
Please complete the following tables, if applicable:

Service Area Counties	Historical Utilization-County Residents	% of total procedures
County #1	Davidson	75%
County #2	Williamson	10%
Etc.		15%
Total		100%

Service Area Counties	Projected Utilization-County Residents	% of total procedures
County #1	Davidson	75%
County #2	Williamson	10%
Etc.		15%
Total		100%

- *We anticipate maintaining the current county of origination in our ASTC with the addition of the services proposed - 75% Davidson; 15% Williamson; Balance is broadly scattered from Cheatum, Sumner, Wilson and beyond.*
- *The Davidson/Williamson market has seen a significant drop in plastic surgery, pain management and podiatry services provided in the ASTC setting against a growing population. This project will improve access to those services to the market.*

County Level Map



D. 1). a) Describe the demographics of the population to be served by the proposal.

This multi-specialty ASTC as proposed will serve adults (20 years and over) of all races and ethnicities.

- b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: <http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data: <http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population Current Year	Total Population Projected Year	Total Population -% Change	*Target Population - Current Year	*Target Population - Projected Year	*Target Population - % Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total Population
Davidson	689,338	698,061	1%	507,817	512,829	1%	73%	34.2	48,368	114,056	18.2%	140,378	20%
Williamson	220,746	225,526	2%	154,959	159,509	3%	71%	38.9	96,565	9,342	5.1%	12,289	6%
Service Area Total	910,084	923,587	1%	662,776	672,338	1%	73%	35.26		123,398	15%	152,661	17%
State of TN Total	6,887,582	6,962,031	1%	5,114,667	5,176,731	1%	74%	38.4	45,219	1,116,914	17.6%	1,433,463	21%

* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

- 2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

The service area is generally well served across health disparities and accessibility to health care. This project hopes to improve a limited and decreasing case volume in plastic surgery, pain management and podiatry in outpatient ASTCs in Davidson and Williamson counties as those specialties are squeezed out of current ASTCs in favor of more profitable specialties. The reduction in access for the proposed three specialties is evident in the Joint Annual Report data filed by other ASTCs in the market:

<i>Specialty</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>3-Year Average</i>	<i>2-Year Growth</i>
<i>Plastic Surgery</i>	<i>5,654</i>	<i>2,242</i>	<i>2,034</i>	<i>3,310</i>	<i>-64.03%</i>
<i>Pain Management</i>	<i>27,854</i>	<i>15,597</i>	<i>15,597</i>	<i>19,683</i>	<i>-44.00%</i>
<i>Podiatry</i>	<i>3,471</i>	<i>879</i>	<i>875</i>	<i>1,742</i>	<i>-74.79%</i>

- E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

Petitioner found no unimplemented similar service providers. Turner Surgery Center is a previously approved ASTC project in Davidson County that may provide similar pain management services, however no Joint Annual Report is currently available.

- F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

	<u><i>Cases</i></u>
<i>2014</i>	<i>954</i>
<i>2015</i>	<i>457</i>
<i>2016</i>	<i>449</i>
<i>2017 estimated</i>	<i>475</i>
<i>2018 projected</i>	<i>1000</i>
<i>2019 projected</i>	<i>1000</i>

Dr. DeLozier has historically performed between 440 and 480 procedures per year as reported in his Joint Annual Reports. The addition of pain management and podiatry procedures is anticipated to increase the number of procedures performed by between 500 and 600 procedures annually, reaching a total of approximately 1000 procedures per year.

The additional pain management and podiatry services projected are based upon estimated current volume provided by physicians interested in using the operating room in its current setting.

SECTION B: ECONOMIC FEASIBILITY

A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- 1) All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)
- 2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- 3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- 4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.
- 5) For projects that include new construction, modification, and/or renovation—**documentation must be** provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:
 - a) A general description of the project;
 - b) An estimate of the cost to construct the project;
 - c) A description of the status of the site's suitability for the proposed project; and
 - d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

PROJECT COST CHART

REV 12/17/10/26

A. Construction and equipment acquired by purchase:		
1. Architectural and Engineering Fees		
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees		10,000.00
3. Acquisition of Site		
4. Preparation of Site		
5. Total Construction Costs		
6. Contingency Fund		
7. Fixed Equipment (Not included in Construction Contract)		
8. Moveable Equipment (List all equipment over \$50,000 as separate attachments)		
9. Other (Specify) _____		
B. Acquisition by gift, donation, or lease:		
1. Facility (inclusive of building and land)		
2. Building only		
3. Land only		
4. Equipment (Specify) _____ C-Arm _____		25,000.00
5. Other (Specify) _____		
C. Financing Costs and Fees:		
1. Interim Financing		
2. Underwriting Costs		
3. Reserve for One Year's Debt Service		
4. Other (Specify) _____		
D. Estimated Project Cost (A+B+C)		
E. CON Filing Fee		15,000.00
F. Total Estimated Project Cost (D+E)	TOTAL	\$50,000.00

B. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. ***(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-B.)***

- ☐ 1) Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ 2) Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ 3) General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ 4) Grants – Notification of intent form for grant application or notice of grant award;
- ☒ 5) Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☐ 6) Other – Identify and document funding from all other sources.

C. Complete Historical Data Charts on the following two pages—**Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.** Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	Year 2014	Year 2015	Year 2016
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	<u>954 Cases</u>	<u>457 Cases</u>	<u>449 Cases</u>
B. Revenue from Services to Patients			
1. Inpatient Services	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
2. Outpatient Services	<u>1,121,275</u>	<u>1,160,928</u>	<u>879,144</u>
3. Emergency Services	<u> </u>	<u> </u>	<u> </u>
4. Other Operating Revenue (Specify) <u> </u>	<u> </u>	<u> </u>	<u> </u>
Gross Operating Revenue	\$ <u>1,121,275</u>	\$ <u>1,160,928</u>	\$ <u>879,144</u>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	<u>\$527,645</u>	<u>\$ 516,782</u>	<u>\$ 332,381</u>
2. Provision for Charity Care	<u> </u>	<u> </u>	<u> </u>
3. Provisions for Bad Debt	<u> </u>	<u> </u>	<u> </u>
Total Deductions	\$ <u>527,645</u>	\$ <u>516,782</u>	\$ <u>332,381</u>
NET OPERATING REVENUE	\$ <u>593,630</u>	\$ <u>644,146</u>	\$ <u>546,763</u>
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	<u>363,600</u>	<u>380,000</u>	<u>380,000</u>
b. Non-Patient Care	<u> </u>	<u> </u>	<u> </u>
2. Physician's Salaries and Wages	<u> </u>	<u> </u>	<u> </u>
3. Supplies	<u>82,300</u>	<u>74,300</u>	<u>82,900</u>
4. Rent			
a. Paid to Affiliates	<u> </u>	<u> </u>	<u> </u>
b. Paid to Non-Affiliates	<u> </u>	<u> </u>	<u> </u>
5. Management Fees:			
a. Paid to Affiliates	<u> </u>	<u> </u>	<u> </u>
b. Paid to Non-Affiliates	<u> </u>	<u> </u>	<u> </u>
6. Other Operating Expenses	<u> </u>	<u> </u>	<u> </u>
Total Operating Expenses	\$ <u>445,900</u>	\$ <u>454,300</u>	\$ <u>462,900</u>
E. Earnings Before Interest, Taxes and Depreciation	<u>\$ 147,730</u>	<u>\$ 189,846</u>	<u>\$ 83,863</u>
F. Non-Operating Expenses			
1. Taxes	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
2. Depreciation	<u>14,100</u>	<u>17,200</u>	<u>15,800</u>
3. Interest	<u> </u>	<u> </u>	<u> </u>
4. Other Non-Operating Expenses	<u>9,400</u>	<u>13,200</u>	<u>15,400</u>
Total Non-Operating Expenses	\$ <u>23,500</u>	\$ <u>30,400</u>	\$ <u>31,200</u>
NET INCOME (LOSS)	\$ <u>124,230</u>	\$ <u>159,446</u>	\$ <u>52,663</u>

Chart Continues Onto Next Page

NET INCOME (LOSS)

\$ 124,230

\$ 159,446

\$ 52,663

November 30, 2017

10:54 am

G. Other Deductions

1. Annual Principal Debt Repayment

\$

\$

\$

2. Annual Capital Expenditure

\$

\$

\$

Total Other Deductions \$ 0

\$ 0

\$ 0

NET BALANCE \$ 124,230

\$ 159,446

\$ 52,663

DEPRECIATION \$ 14,100

\$ 17,200

\$ 15,800

FREE CASH FLOW (Net Balance + Depreciation) \$ 138,330

\$ 176,646

\$ 68,463

X

Total Facility

☐

Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES

Year 2014

Year 2015

Year 2016

1. Professional Services Contract

\$ 0

\$ 0

\$ 0

2. Contract Labor

0

0

0

3. Imaging Interpretation Fees

0

0

0

4. _____

5. _____

6. _____

7. _____

Total Other Expenses

\$ 0

\$ 0

\$ 0

D. Complete Projected Data Charts on the following two pages – **Do not modify the Charts provided or submit Chart substitutions!**

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year 2018	Year 2019
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	<u>1000 Cases</u>	<u>1000 Cases</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u> </u>	<u> </u>
2. Outpatient Services	<u>2,000,000</u>	<u>2,000,000</u>
3. Emergency Services	<u> </u>	<u> </u>
4. Other Operating Revenue (Specify) <u> </u>	<u> </u>	<u> </u>
Gross Operating Revenue	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$ 900,000</u>	<u>\$ 900,000</u>
2. Provision for Charity Care	<u> </u>	<u> </u>
3. Provisions for Bad Debt	<u> </u>	<u> </u>
Total Deductions	<u>\$900,000</u>	<u>\$ 900,000</u>
NET OPERATING REVENUE	<u>\$1,100,000</u>	<u>\$1,100,000</u>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	<u>650,000</u>	<u>650,000</u>
b. Non-Patient Care	<u> </u>	<u> </u>
2. Physician's Salaries and Wages	<u> </u>	<u> </u>
3. Supplies	<u>110,000</u>	<u>110,000</u>
4. Rent		
a. Paid to Affiliates	<u> </u>	<u> </u>
b. Paid to Non-Affiliates	<u> </u>	<u> </u>
5. Management Fees:		
a. Paid to Affiliates	<u> </u>	<u> </u>
b. Paid to Non-Affiliates	<u> </u>	<u> </u>
c. Other Operating Expenses	<u> </u>	<u> </u>
Total Operating Expenses	<u>\$ 760,000</u>	<u>\$ 760,000</u>
E. Earnings Before Interest, Taxes and Depreciation	<u>\$ 340,000</u>	<u>\$ 340,000</u>
F. Non-Operating Expenses		
1. Taxes	<u>\$</u>	<u>\$</u>
2. Depreciation	<u>18,000</u>	<u>18,000</u>
3. Interest	<u> </u>	<u> </u>
4. Other Non-Operating Expenses	<u>15,000</u>	<u>15,000</u>
Total Non-Operating Expenses	<u>\$ 33,000</u>	<u>\$ 33,000</u>
NET INCOME (LOSS)	<u>\$ 307,000</u>	<u>\$ 307,000</u>

Chart Continues Onto Next Page

November 30, 2017

10:54 am

NET INCOME (LOSS)

\$ 307,000

\$ 307,000

G. Other Deductions

1. Estimated Annual Principal Debt Repayment

\$ 0

\$ 0

2. Annual Capital Expenditure

0

0

Total Other Deductions \$ 0

\$ 0

NET BALANCE \$ 307,000

\$ 307,000

DEPRECIATION \$ 18,000

\$ 18,000

FREE CASH FLOW (Net Balance + Depreciation) \$ 325,000

\$ 325,000

☒

Total Facility

☐

Project Only

PROJECTED DATA CHART-OTHER EXPENSES**OTHER EXPENSES CATEGORIES****Year 2018****Year 2019**1. Professional Services Contract

\$

\$

2. Contract Labor3. Imaging Interpretation Fees

4. _____

5. _____

6. _____

7. _____

Total Other Expenses

\$ 0

\$ 0

- E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (Gross Operating Revenue/Utilization Data)	2,540	1,958	2,000	2,000	2%
Deduction from Revenue (Total Deductions/Utilization Data)	1,131	740	900	900	22%
Average Net Charge (Net Operating Revenue/Utilization Data)	1,409	1,218	1,100	1,100	-10%

- 2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

Management believes the proposed charges will be similar to current charges and involve limited impact on existing patients. Management believes that the incorporation of pain management and podiatry will involve additional deductions from revenue as payers discount for multiple procedures performed in each case that would be at a higher rate than the ASTC currently experiences on plastic surgery cases. This will result in a reduced Net Charge that will be offset by expanded use and improved efficiency in the ASTC.

- 3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Comparison of publicly available data from similar facilities proves difficult with other multi-specialty ASTCs due to the dramatically different specialty case mix and difficulty comparing the respective insurance mix involved in this project as opposed to the broad specialties of other centers.

- F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-F1**. **NOTE: Publicly held entities only need to reference their SEC filings.**

DeLozier Surgery Center is currently above the financial breakeven as indicated in the Joint Annual Reports filed. This expansion of service will improve financial performance, diversify the patient population and cases performed resulting in modestly enhanced financial performance.

- 2) Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	25%	29%	15%	31%	31%

- 3) Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

No debt will be used to fund this project.

- G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	500,000	25%
TennCare/Medicaid		
Commercial/Other Managed Care	900,000	45%
Self-Pay	600,000	30%
Charity Care		
Other (Specify) _____		
Total	2,000,000	100%

- H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by

position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs 2017	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
a) Direct Patient Care Positions				
				From Indeed.com
Nurses	3	7	\$55,000.00	\$48,484.80
CRNA	1	1.5	\$150,000.00	\$144,310.00
Total Direct Patient Care Positions	4	9		
b) Non-Patient Care Positions				
Reception/Scheduler	1	1	\$35,000.00	\$25,126.40
Total Non-Patient Care Positions	1	1		
c) Contractual Staff	0	2		
Total Staff	5	12		

I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- 1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

Expanding the use of existing ASTC rooms was more cost effective and efficient than new construction of additional ASTC operating rooms to serve the specialties planned.

- 2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

No new construction is involved in this project.

SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

- A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

The ASTC currently contracts with Medicare and various commercial managed care organizations including Blue Cross, Cigna, Aetna and United Healthcare. The ASTC has a current transfer agreement with St. Thomas Midtown Hospital. No changes are anticipated in those relationships.

- B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

1) Positive Effects

This proposal will expand the use of the current complement of ASTC beds offering opportunities for greater financial and operational efficiency in the target market. The proposal will allow greater access to care in the proposed specialties which is necessary as demonstrated from the decreased volume of cases in these specialties at existing multi-specialty ASTCs. The proposal should not have adverse impact on existing providers as they have reduced access to the proposed specialties as described in Section B.D.2 above.

2) Negative Effects

No adverse effects are anticipated due to the limited scope of the proposed change.

- C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

This proposal anticipates no changes that would impact accreditation requirements.

- 2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

The ASTC currently abides by all regulation and accreditation standards. No changes anticipated.

- 3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Applicant does not have current plans to train students.

- D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure:

Tennessee Department of Health License Expires November 5, 2018

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.):

Ambulatory Surgical Treatment Center

Accreditation (i.e., Joint Commission, CARF, etc.):

American Association for Accreditation of Ambulatory Surgery Facilities Expires May 2, 2018

- 1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

Attachment B-A9 & Attachment B-D1

- 2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

Attachment B-D2

- 3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

Not Applicable

- a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future. .

- E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

- 1) Has any of the following:

- a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
- b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or
- c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

2) Been subjected to any of the following:

- a) Final Order or Judgment in a state licensure action;

None

- b) Criminal fines in cases involving a Federal or State health care offense;

None

- c) Civil monetary penalties in cases involving a Federal or State health care offense;

None

- d) Administrative monetary penalties in cases involving a Federal or State health care offense;

None

- e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or

None

- f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

None

- g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

None

- h) Is presently subject to a corporate integrity agreement.

None

F. Outstanding Projects:

- 1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

<u>Outstanding Projects</u>					
<u>CON Number</u>	<u>Project Name</u>	<u>Date</u>	<u>*Annual Progress Report(s)</u>		<u>Expiration</u>
		<u>Approved</u>	<u>Due</u>	<u>Date Filed</u>	
<i>None</i>			<u>Date</u>		<u>Date</u>

* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

Not Applicable

G. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

Not Applicable

- 1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? _____
- 2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission? _____
- 3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? _____

SECTION B: QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

The applicant currently reports quality measures and will continue to do so.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

- A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.
- B. People in Tennessee should have access to health care and the conditions to achieve optimal health.
- C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.
- D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.
- E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

The proposed project will expand the use of 1 existing operating room bed. The expansion from single specialty to multi-specialty will expand access to pain management and podiatry services to the target market. The expansion will allow greater efficiency and more complete use of existing resources to improve the health of Tennessee residents. The existing ASTC participates in licensure and accreditation programs to monitor performance and strive to continuously improve the quality of health care provided. The licensure and accreditation programs provide the vehicle to verify that the ASTC is adhering to appropriate standards. The approval of this project will only enhance the workforce opportunities in the growing target market by expanding the use of current ASTC bed resources and hours of operation providing greater convenience to individuals in the market.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

<u>Phase</u>	<u>Days Required</u>	<u>Anticipated Date [Month/Year]</u>
1. Initial HSDA decision date		2/2018
2. Architectural and engineering contract signed		
3. Construction documents approved by the Tennessee Department of Health		
4. Construction contract signed		
5. Building permit secured		
6. Site preparation completed		
7. Building construction commenced		
8. Construction 40% complete		
9. Construction 80% complete		
10. Construction 100% complete (approved for occupancy)		
11. *Issuance of License		Current
12. *Issuance of Service		3/2018
13. Final Architectural Certification of Payment		
14. Final Project Report Form submitted (Form HR0055)		

*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

18

28

38

48

58

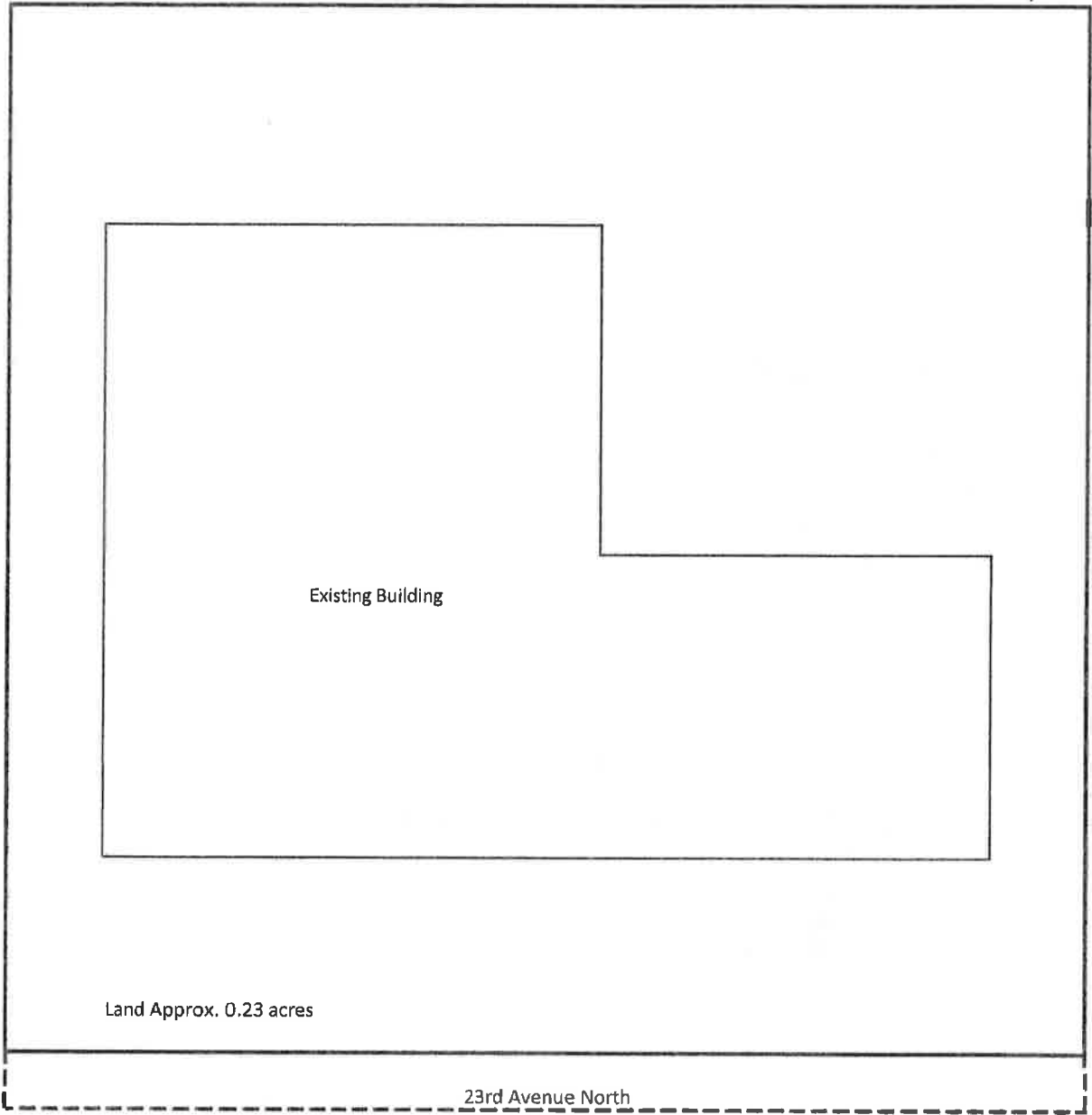
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DeLozier Surgery Center
Attachment A-6B-1 - Plot Plan



[illegible]

Attachment B-A3

DeLozier Surgery Center
CON Application
Attachment B - A4

Specialty	2014	2015	2016	3-Year Average	2-Year Growth
Plastic Surgery	5,654	2,242	2,034	3,310	-64.03%
Pain Management	27,854	15,597	15,597	19,683	-44.00%
Podiatry	3,471	879	875	1,742	-74.79%

DeLozier Surgery Center
CON Application
Attachment B - A4

Center	County	Operating Rooms	Operating Room Cases	Procedure Rooms	Procedure Room Cases	Plastic Surgery Cases	Pain Management Cases	Podiatry Cases	Cases Per Operating Room	Cases Per Procedure Room
DeLozier Surgery Center	Davidson	1	449	0	0	449	0	0	449.00	
Baptist Ambulatory Surgery Center	Davidson	6	5,650	1	1,260	0	1,955	0	941.67	1,260.00
Baptist Plaza Surgery	Davidson	9	8,487	1	1,011	814	1,160	0	943.00	1,011.00
Centennial Surgery Center	Davidson	6	5,216	2	2,315	132	784	95	869.33	1,157.50
Northridge Surgery Center	Davidson	5	201	2	1,916	13	221	313	40.20	958.00
Premier Radiology Pain Management Ctr.	Davidson	0	0	2	2,002	0	2,002	0		1,001.00
St. Thomas Surgery	Davidson	6	5,973	1	1,317	291	1,322	74	995.50	1,317.00
Summit Surgery Center	Davidson	5	4,983	1	428	49	337	169	996.60	428.00
Tennessee Pain Surgery Center	Davidson	1	8,162	3	2,210	0	10,372	0	8,162.00	736.67
Cool Springs Surgery Center	Williamson	5	5,698	2	3,526	286	1,094	183	1,139.60	1,763.00
Krossroads Surgery Center	Williamson	0	0	2	748	0	748	0		374.00
Franklin Endoscopy Center	Williamson	2	1,283	2	3,449	0	1	41	641.50	1,724.50
Total		46	46,102	19	20,182	2,034	19,996	875	1,002.22	1,062.21

Center	County	Operating Rooms	Operating Room Cases	Procedure Rooms	Procedure Room Cases	Plastic Surgery Cases	Pain Management Cases	Podiatry Cases	Cases Per Operating Room	Cases Per Procedure Room
DeLozier Surgery Center	Davidson	1	457	0	0	457	0	0	457.00	
Baptist Ambulatory Surgery Center	Davidson	6	5,723	1	1,829	0	1,829	0	953.83	1,829.00
Baptist Plaza Surgicare	Davidson	10	7,318	2	919	834	728	0	731.80	459.50
Centennial Surgery Center	Davidson	6	6,058	2	980	144	591	114	1,009.67	490.00
Nashville Surgery Center	Davidson	5	517	1	64	156	0	22	103.40	
Northridge Surgery Center	Davidson	5	1,766	2	538	16	241	339	353.20	269.00
Premier Radiology Pain Management Ctr.	Davidson	0	0	2	2114	0	2114	0		1,057.00
St. Thomas Surgicare	Davidson	6	5,963	1	1,240	304	1,245	89	993.83	1,240.00
Summit Surgery Center	Davidson	5	4,105	1	264	46	274	136	821.00	264.00
Tennessee Pain Surgery Center	Davidson	1	1,514	3	6,060	0	7,574	0	1,514.00	2,020.00
Cool Springs Surgery Center	Williamson	5	5,448	2	2,746	285	864	179	1,089.60	1,373.00
Crossroads Surgery Center	Williamson	0	0	2	137	0	137	0		68.50
Franklin Endoscopy Center	Williamson	2	1,028	2	2,975	0	0	0	514.00	1,487.50
Totals		52	39,897	21	19,866	2,242	15,597	879	767.25	946.00

DeLozier Surgery Center
CON Application
Attachment B - A4

Center	County	Operating : Procedure		Plastic Surgery		Pain Management	Podiatry	Cases Per Procedure Room
		Rooms	Rooms	Cases	Cases	Cases	Cases	Room
DeLozier Surgery Center	Davidson	1	0	954	954	0	0	
Baptist Ambulatory Surgery Center	Davidson	6	1	20,054	0	2,892	3	2,864.86
Baptist Plaza Surgery	Davidson	9	1	23,628	2,164	1,096	0	2,362.80
Centennial Surgery Center	Davidson	6	2	11,334	187	1,305	374	1,416.75
Nashville Surgery Center	Davidson	5	1	3,927	400	0	68	654.50
Northridge Surgery Center	Davidson	5	2	5,147	41	440	1,504	735.29
Premier Radiology Pain Management Ctr.	Davidson	0	2	2,087	0	2,087	0	1,043.50
St. Thomas Surgery	Davidson	6	1	22,459	898	3,957	307	3,208.43
Summit Surgery Center	Davidson	5	1	12,890	153	1,154	572	2,148.33
Tennessee Pain Surgery Center	Davidson	1	3	8,169	0	8,169	0	2,042.25
Cool Springs Surgery Center	Williamson	5	2	22,257	857	2,681	643	3,179.57
Crossroads Surgery Center	Williamson	0	2	669	0	669	0	334.50
Franklin Endoscopy Center	Williamson	2	2	3,404	0	3,404	0	851.00
Totals		51	20	136,979	3,654	27,854	3,471	6,848.95

Attachment B-A9

Attachment B-B5

DeLozier Surgery Center
209 23rd Avenue North
Nashville, Tennessee 37203

Supplemental #1

November 27, 2017

11:59 am

State of Tennessee
Health Services and Development Agency

Tuesday, November 21, 2017

Dear Sir or Madam:

DeLozier Surgery Center intends to use cash reserves to fund the proposed change from a single specialty ambulatory surgery center to a multi-specialty ambulatory surgery center. The company has sufficient funds to cover the planned \$50,000 investment.

If you have further questions, please feel free to contact me directly.

Sincerely,



Joseph B. DeLozier, III, MD
Owner



November 6, 2017

State of Tennessee
Health Services and Development Agency
161 Rosa L Parks Blvd #3
Nashville, TN 37203

Dear Sirs:

After reviewing the financial records of the Delozier Surgery Center, it is without qualification that I can state that the company has more than adequate reserves. The company can fund the planned \$50,000.00 investment in expanded services without undue stress on the ongoing performance of the practice.

If there are any further certifications that you might need, please feel free to contact me directly at 615-744-2920.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mike Blanchard", written in a cursive style.

Mike Blanchard
Senior Vice President

DeLozier Surgery Center, LLC Supplemental #1
Balance Sheet
October 31, 2017
Year to Date

November 27, 2017
11:59 am

Assets		
Cash	\$	165,328
Total Assets	\$	165,328
Liabilities & Equity		
Retained Earnings	\$	(65,212)
Net Income	\$	230,540
Total Liabilities & Equity	\$	165,328

79
DeLozier Surgery Center, LLC **Supplemental #A2**
Income Statement **November 30, 2017**
October 31, 2017 **10:54 am**
Year to Date

Total Revenue	\$ 727,403
Operating Expenses	
Salaries & Wages	\$ 236,706
CC Discount	\$ 10,319
Cylinder Gas Expense	\$ 2,454
Lab & Testing	\$ 5,518
Implant Expense	\$ 123,270
Pharmaceuticals	\$ 9,739
Laundry Expense	\$ 9,111
Anesthesia Fees	\$ 93,983
Maintenance & Repairs	\$ 3,958
Taxes & Licenses	\$ 1,805
Total Operating Expenses	\$ 496,863
Net Income	\$ 230,540

Cash Basis

Attachment B-D2



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
DIVISION OF HEALTH CARE FACILITIES
WEST TENNESSEE REGIONAL OFFICE
2975 HIGHWAY 45 BYPASS, SUITE C
JACKSON, TENNESSEE 38305
PHONE: (731) 984-9684
FAX: (731) 512-0063

IMPORTANT NOTICE – PLEASE READ CAREFULLY

February 5, 2015

Joseph Delozier
Delozier Surgery Center, LLC
209 23rd Ave. North
Nashville, TN 37203

**RE: CMS Certification # 44C0001156
Recertification Health Survey – 2/6/15**

Dear Mr. Delozier:

Enclosed is the statement of deficiency developed as the result of the recertification health survey completed in your facility **February 3, 2015** by the West Tennessee Regional Office of Health Care Facilities. You are asked to submit an acceptable plan of correction to this office within **ten (10) days** from the date of this letter. The completion date for each deficiency should not be later than **45 days** from the last day of the survey.

During your recertification survey, **one (1) Standard Level** deficiencies were cited under the following number: **Q 181**.

Two (2) State Level deficiency was cited under the following number: **A 660, & A 1102**.

To be acceptable, a plan of correction must respond to each deficiency noted, stating specifically how each deficiency will be corrected and give the approximate date of completion. It is essential for purposes of clarification, as well as your best interest, that your plan of correction specify the exact measures which will be taken to correct each deficiency. As both the statements of deficiencies and plans of correction are subject to public disclosure, statements such as "will comply by", "will complete by", and "already corrected" will not be considered acceptable.

Your plan of correction must contain the following indicators:

- ✓ How the deficiency will be corrected;
- ✓ The date the deficiency will be corrected;
- ✓ What measures or systemic changes will be put in place to ensure that the deficient practice does not recur
- ✓ How the corrective action will be monitored to ensure that the deficient practice does not recur

The Plan of Correction must be submitted on the CMS 2567 form enclosed, dated, titled, and signed by the administrator or a representative before it is considered "acceptable". Whenever possible, please contain your plan of correction response to the form furnished to you. In the event you need additional space, please continue your response on your letterhead or plain stationery, typing in the name of your facility, address and other identifying information. You may fax your Plan of Correction to this office to accomplish the deadline at ~~(731) 512-0063~~. However, the signed, original POC should be mailed back to this office.

If you have any questions concerning the statement of deficiencies, survey process, or completion of forms, please feel free to contact me.

Sincerely,

P. Diane Carter, PHNCC

P. Diane Carter, RN, LNCC
Public Health Nurse Consultant 2

PDC/as

Enclosure

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

83

PRINTED: 02/05/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001156	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 02/03/2015
NAME OF PROVIDER OR SUPPLIER DELOZIER SURGERY CENTER, LLC			STREET ADDRESS, CITY, STATE, ZIP CODE 209 23RD AVENUE NORTH NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 181	<p>416.48(a) ADMINISTRATION OF DRUGS</p> <p>Drugs must be prepared and administered according to established policies and acceptable standards of practice.</p> <p>This STANDARD is not met as evidenced by: Based on policy review, observation and interview, it was determined the facility failed to ensure all medications were labeled with the date they were opened and failed to date, time, and initial pre-drawn syringes for 1 of 2 (2/2/15) days of the recertification survey.</p> <p>The findings included:</p> <p>1. Review of the facility's "Policy on Medication Labeling" policy documented, "...All open multi-dose medications will be labeled with the date on which they were opened..."</p> <p>Review of the facility's "Policy for medication vials" policy documented, "...Date, time, and initial the vial when you use it. Syringes of medications drawn up for a case must be labeled in the same fashion..."</p> <p>2. Observations in the procedure room on 2/2/15 at 11:00 AM, revealed a syringe laying on the anesthesia cart with a white substance in it which was not labeled, dated, timed or initialed.</p> <p>Observations in the procedure room on 2/2/15 at 11:00 AM, revealed a syringe laying on the anesthesia cart labeled "Lidocaine" but was not dated, timed or initialed.</p>	Q 181	<p>On 2/11/15, the day this letter was received, a meeting was held with both CNAs who service this facility. They were counseled directly by Dr. Delozier to label all medicines even if they were to be given immediately (as was the case here). They understood that they are to draw up the medicines, label, & then give them. As Dr. Delozier is the only surgeon operating @ this facility, he will monitor this policy personally. If further violation occurs, he will report this and suspend the anesthetist.</p>	2/11/15	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X8) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

84

PRINTED: 02/05/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001156	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 02/03/2015
NAME OF PROVIDER OR SUPPLIER DELOZIER SURGERY CENTER, LLC			STREET ADDRESS, CITY, STATE, ZIP CODE 209 23RD AVENUE NORTH NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 181	<p>Continued From page 1</p> <p>Observations in the procedure room on 2/2/15 at 11:20 AM, revealed a syringe laying on the anesthesia cart labeled "Midazolam" but not dated, timed or initialed.</p> <p>Observations in the procedure room on 2/2/15 at 2:35 PM, revealed a 50 milliliter vial of Lidocaine 1 percent on top of the anesthesia cart which was opened but not dated.</p> <p>Observations in the procedure room on 2/2/15 at 2:35 PM, revealed 2 insulin syringes with a clear substance in each one in a drawer on top of the anesthesia cart which were not labeled, dated or timed.</p> <p>Observations in the procedure room on 2/2/15 at 2:37 PM, revealed a bottle of nasal decongestant in the drawer of the anesthesia cart which was opened but not dated.</p> <p>3. During an interview in the procedure room on 2/2/15 at 11:20 AM, when asked about the syringes not being labeled, dated, timed or initialed, the Certified Registered Nurse Anesthetist stated, "I draw my medicines up before each case."</p> <p>During an interview in the procedure room on 2/2/15 at 2:35 PM, the Director of Nursing verified the multi-dose vial of Lidocaine should have been dated and proceeded to discard it.</p> <p>During an interview in the procedure room on 2/2/15 at 2:35 PM, the Director of Nursing verified the insulin syringes should not have been in the drawer on top of the anesthesia cart with no label, date or time, and proceeded to discard these.</p>	Q 181			

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

85

PRINTED: 02/05/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001156	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 02/03/2015
NAME OF PROVIDER OR SUPPLIER DELOZIER SURGERY CENTER, LLC			STREET ADDRESS, CITY, STATE, ZIP CODE 209 23RD AVENUE NORTH NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 181	Continued From page 2 During an interview in the procedure room on 2/2/15 at 2:37 PM, the Director of Nursing stated, "That (nasal decongestant) is used for only 1 patient and should not be in there." The Director of Nursing proceeded to discard the nasal decongestant.	Q 181			

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP535165	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____		(X3) DATE SURVEY COMPLETED 02/03/2015
NAME OF PROVIDER OR SUPPLIER DELOZIER SURGERY CENTER, LLC			STREET ADDRESS, CITY, STATE, ZIP CODE 209 23RD AVENUE NORTH NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE	
A 660	<p>1200-8-10-.06 (2)(g) Basic Services</p> <p>(2) Anesthesiology Services.</p> <p>(g) When inhaled general anesthesia known to trigger malignant hyperthermia and/or succinylcholine are maintained in the facility, there shall be thirty-six (36) ampules of Dantrolene for injection onsite. This requirement applies to anesthesia agents, current or future, that are shown to cause malignant hyperthermia. If Dantrolene is administered, appropriate monitoring must be provided post-operatively.</p> <p>This Rule is not met as evidenced by: Based on policy review, observation and interview, it was determined the facility failed to ensure thirty-six ampules of dantrolene for injection were maintained on site during 2 of 2 (2/2/15 and 2/3/15) days of the recertification survey.</p> <p>The findings included:</p> <p>1. Review of the facility's "Emergency Therapy for Malignant Hyperthermia" policy documented, "...ACUTE PHASE TREATMENT...Administer dantrolene sodium 2-3 mg [milligrams]/kg [kilograms] initial bolus rapidly with increments up to 10 mg/kg total. Continue to administer dantrolene until signs of MH [malignant hyperthermia]...are controlled. Occasionally, at total dose greater than 10mg/kg may be needed. Each vial of dantrolene contains 20 mg of dantrolene..."</p> <p>2. Observations in the procedure room on 2/2/15 at 2:50 PM, revealed 12 vials of dantrolene (total of 240 mg).</p>	A 660	<p>We have purchased and are storing the now-regulated amount of Dantrolene (36). This regulation had changed since our last review. We are now aware of it -</p>	2/17/15	

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

0000

DNXY11

If continuation sheet 1 of 3

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP535165	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____	(X3) DATE SURVEY COMPLETED 02/03/2015
NAME OF PROVIDER OR SUPPLIER DELOZIER SURGERY CENTER, LLC		STREET ADDRESS, CITY, STATE, ZIP CODE 209 23RD AVENUE NORTH NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
A 660	Continued From page 1 Observations in the 2nd floor medication refrigerator on 2/2/15 at 3:15 PM, revealed 11 vials of succinylcholine. 3. During an interview in the procedure room on 2/2/15 at 2:50 PM, the Director of Nursing (DON) confirmed the facility administered succinylcholine. The DON confirmed the facility had only 12 vials of dantrolene available onsite. During an interview in the conference room on 2/3/15 at 12:30 PM, the DON stated the facility did not have the required 36 vials of dantrolene onsite.	A 660		
A1102	1200-8-10-.11 (2) Records and Reports (2) The facility shall report information contained in the medical records of patients who have cancer or pre-cancerous or tumorous diseases as provided by existing regulations. These reports shall be sent to the Cancer Reporting System of the department on a quarterly schedule no later than six (6) months after the date of the diagnosis or treatment. This Rule is not met as evidenced by: Based on interview, it was determined the facility failed to ensure quarterly reports for patients who have cancer or precancerous or tumorous diseases were sent to the Cancer Reporting System of the department. The findings included: During an interview in the conference room on 2/3/15 at 9:00 AM, when asked about sending the quarterly reports to the Cancer Reporting System of the department for patients who have cancer	A1102	WE HAVE DISCUSSED WITH JERRY HARDEN & TERESA BUTLER & THE TN CANCER REGISTRY THE PROTOCOL FOR MONTHLY REPORTING OF CARCINOMAS. WE WILL BEGIN LOOKING AT PATH REPORTS, BEGINNING 4/1/13, AND SUBMIT A MONTHLY REPORT.	3/1/15

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP535165	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____		(X3) DATE SURVEY COMPLETED 02/03/2015
NAME OF PROVIDER OR SUPPLIER DELOZIER SURGERY CENTER, LLC			STREET ADDRESS, CITY, STATE, ZIP CODE 209 23RD AVENUE NORTH NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE	
A1102	Continued From page 2 or precancerous or tumorous diseases, the Director of Nursing stated, "...we don't do those..."	A1102			



**TENNESSEE DEPARTMENT OF HEALTH
BUREAU OF HEALTH LICENSURE AND REGULATION
DIVISION OF HEALTH CARE FACILITIES**
227 FRENCH LANDING, SUITE 501
HERITAGE PLACE METROCENTER
NASHVILLE, TN 37243
TELEPHONE (615) 741-7221
FAX 615-741-7051
www.tennessee.gov/health

May 25, 2012

Kim Harvey Looney
Attorney
Waller Lansden Dortch & Davis, LLP
Nashville City Center
511 Union Street, Suite 2700
Nashville, TN 37219-8966



RE: Waiver Request: Square Footage of Operating Room – DeLozier Surgery Center, LLC.

Dear Ms. Looney:

The Board for Licensing Health Care Facilities met on May 2, 2012. The following request was granted:

**TO ALLOW DELOZIER SURGERY CENTER TO WAIVE THE REQUIREMENT OF
400 SQUARE FEET OPERATING ROOMS USED TO PERFORM CLASS C
PROCEDURES TO 250 SQUARE FEET IN ACCORDANCE WITH THEIR
CERTIFICATE OF NEED WHICH IS LIMITED TO PLASTIC SURGERY.**

Board action was taken in accordance with Section 68-11-209, Chapter 11, Tennessee Code Annotated, which gives the Board authority to waive rules and regulations that do not have a detrimental effect on the health, safety and welfare of the public.

If you have any questions you may contact this office at (615) 741-7221.

Sincerely,

Ann Rutherford Reed, RN, BSN, MBA
Director of Licensure
Division of Health Care Facilities

ARR/weh

cc: Joseph B. DeLozier, III ✓
WTRO
File
Dee Ganaway

STATE OF TENNESSEE
Health Services and Development Agency



Certificate of Need No. CN1108-028A is hereby granted under the provisions of T.C.A. § 68-11-1601, *et seq.*, and rules and regulations issued thereunder by this Agency.

To: Joseph B. Delozier, III, M.D.
209 23rd Avenue North
Nashville, TN 37203

For: Delozier Surgery Center, LLC

This Certificate is issued for: The expansion of the existing single specialty ambulatory surgery treatment center (ASTC).

Limitations: 1. Single-specialty, limited to outpatient plastic and reconstructive surgery; and
2. Two (2) operating rooms.

On the premises located at: 209 23rd Avenue North
Nashville (Davidson County), TN 37203

For an estimated project cost of: \$281,835.00

The Expiration Date for this Certificate of Need is

March 1, 2014

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the expiration date, this Certificate of Need is null and void.

Date Approved: January 25, 2012


Chairman

Date Issued: February 22, 2012


Executive Director

File



State of Tennessee
DEPARTMENT OF HEALTH
DIVISION OF HEALTH CARE FACILITIES
WEST TENNESSEE REGIONAL OFFICE
 2975 Highway 45 Bypass, Suite C
 Jackson, Tennessee 38305-2873
 Phone: (731) 984-9684
 Fax: (731) 512-0063

April 26, 2012

Dr. Joseph Delozier, Administrator
 Delozier Surgery Center, LLC
 209 23rd Avenue North
 Nashville, TN 37203

RE: Recertification Survey/Follow-Up
CCN 44C0001156

Dear Dr. Delozier:

The West Tennessee Regional Office of Health Care Facilities with the Tennessee Department of Health completed a recertification survey in your facility on **April 4-5, 2011**, to verify that your facility had achieved and maintained compliance with state and federal regulations. Based on a review of your plan of correction and onsite follow-up survey conducted 4/18/12, we are accepting your plan of correction and are assuming your facility is in compliance with all participation requirements. This office is recommending recertification in the Medicare and/or Medicaid program.

Thank you for your cooperation shown during the survey. If we may be of further assistance to you, please do not hesitate to call.

Sincerely,

P. Diane Carter, PHNCC2

P. Diane Carter, RN, LNCC
 Public Health Nurse Consultant 2

PDC/ab

File



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
WEST TENNESSEE HEALTH CARE FACILITIES
2975 C Highway 45 Bypass
JACKSON, TENNESSEE 38305

9160
91884
131-984-

IMPORTANT NOTICE – PLEASE READ CAREFULLY

February 19, 2015

Joseph Delozier
Delozier Surgery Center, LLC
209 23rd Ave. North
Nashville, TN 37203

it is "on her desk" - T3
2/23/15

RE: 2nd Request for Plan of Correction (POC) - Recertification Health Survey 2/3/15
CMS Certification # 44C0001156

Dear Mr. Delozier:

Enclosed is another statement of deficiencies cited as a result of the recertification health survey that was conducted on February 3, 2015 at your ASTC. A statement of deficiencies (SOD) was mailed to you on February 5, 2015. You were asked to submit an acceptable plan of correction for achieving compliance within (10) days from the date of the original letter (February 15, 2015). To date our office has never received your plan of correction which is required to prevent termination of your facility from the ASTC program.

Please address each deficiency separately with positive and specific statements advising this office of a plan of correction that includes acceptable time schedule, which will lead to the correction of the cited deficiencies. **The Plan of Correction must be submitted on the State Form enclosed. Enter on the RIGHT SIDE OF THE STATE FORM, opposite the deficiencies, your planned action to correct the deficiencies and the expected completion date.** The completion date can be no longer than 45 days from the day of survey. Before the plan can be considered "acceptable," **it MUST BE SIGNED AND DATED by the administrator.**

During your recertification survey, **one (1) Standard Level** deficiencies were cited under the following number: **Q 181.**

Two (2) State Level deficiencies were cited under the following number: **A 660, & A 1102.**

Your plan of correction must contain the following:

- How the deficiency will be corrected;

- How the facility will prevent the same deficiency from recurring.
- The date the deficiency will be corrected;
- How the corrective action will be monitored to ensure that the deficient practice does not recur.

Please be advised that under the disclosure of survey information provisions, the Statement of Deficiencies will be available to the public.

If assistance is needed, please feel free to call me at 731-984-9710.

Sincerely,

P. Diane Carter, RNCC

P. Diane Carter, RN, LNCC
Public Health Nurse Consultant II

PDC/ab

Enclosure

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 02/05/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001156		(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 02/03/2015	
NAME OF PROVIDER OR SUPPLIER DELOZIER SURGERY CENTER, LLC				STREET ADDRESS, CITY, STATE, ZIP CODE 209 23RD AVENUE NORTH NASHVILLE, TN 37203			
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)			ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
Q 181	<p>416.48(a) ADMINISTRATION OF DRUGS</p> <p>Drugs must be prepared and administered according to established policies and acceptable standards of practice.</p> <p>This STANDARD is not met as evidenced by: Based on policy review, observation and interview, it was determined the facility failed to ensure all medications were labeled with the date they were opened and failed to date, time, and initial pre-drawn syringes for 1 of 2 (2/2/15) days of the recertification survey.</p> <p>The findings included:</p> <p>1. Review of the facility's "Policy on Medication Labeling" policy documented, "...All open multi-dose medications will be labeled with the date on which they were opened..."</p> <p>Review of the facility's "Policy for medication vials" policy documented, "...Date, time, and initial the vial when you use it. Syringes of medications drawn up for a case must be labeled in the same fashion..."</p> <p>2. Observations in the procedure room on 2/2/15 at 11:00 AM, revealed a syringe laying on the anesthesia cart with a white substance in it which was not labeled, dated, timed or initialed.</p> <p>Observations in the procedure room on 2/2/15 at 11:00 AM, revealed a syringe laying on the anesthesia cart labeled "Lidocaine" but was not dated, timed or initialed.</p>			Q 181			
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE					TITLE		(X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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Division of Health Care Facilities

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A 660	<p>1200-8-10-.06 (2)(g) Basic Services</p> <p>(2) Anesthesiology Services.</p> <p>(g) When inhaled general anesthesia known to trigger malignant hyperthermia and/or succinylcholine are maintained in the facility, there shall be thirty-six (36) ampules of Dantrolene for injection onsite. This requirement applies to anesthesia agents, current or future, that are shown to cause malignant hyperthermia. If Dantrolene is administered, appropriate monitoring must be provided post-operatively.</p> <p>This Rule is not met as evidenced by: Based on policy review, observation and interview, it was determined the facility failed to ensure thirty-six ampules of dantrolene for injection were maintained on site during 2 of 2 (2/2/15 and 2/3/15) days of the recertification survey.</p> <p>The findings included:</p> <ol style="list-style-type: none"> 1. Review of the facility's "Emergency Therapy for Malignant Hyperthermia" policy documented, "...ACUTE PHASE TREATMENT...Administer dantrolene sodium 2-3 mg [milligrams]/kg [kilograms] initial bolus rapidly with increments up to 10 mg/kg total. Continue to administer dantrolene until signs of MH [malignant hyperthermia]...are controlled. Occasionally, at total dose greater than 10mg/kg may be needed. Each vial of dantrolene contains 20 mg of dantrolene..." 2. Observations in the procedure room on 2/2/15 at 2:50 PM, revealed 12 vials of dantrolene (total of 240 mg). 	A 660		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Division of Health Care Facilities

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A1102	1200-8-10-.11 (2) Records and Reports (2) The facility shall report information contained in the medical records of patients who have cancer or pre-cancerous or tumorous diseases as provided by existing regulations. These reports shall be sent to the Cancer Reporting System of the department on a quarterly schedule no later than six (6) months after the date of the diagnosis or treatment. This Rule is not met as evidenced by: Based on interview, it was determined the facility failed to ensure quarterly reports for patients who have cancer or precancerous or tumorous diseases were sent to the Cancer Reporting System of the department. The findings included: During an interview in the conference room on 2/3/15 at 9:00 AM, when asked about sending the quarterly reports to the Cancer Reporting System of the department for patients who have cancer	A1102			

Division of Health Care Facilities

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A1102	Continued From page 2 or precancerous or tumorous diseases, the Director of Nursing stated, "...we don't do those..."	A1102			



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
DIVISION OF HEALTH CARE FACILITIES
WEST TENNESSEE REGIONAL OFFICE
2975 HIGHWAY 45 BYPASS, SUITE C
JACKSON, TENNESSEE 38305
PHONE: (731) 984-9684
FAX: (731) 512-0063

IMPORTANT NOTICE – PLEASE READ CAREFULLY

February 5, 2015

Joseph Delozier
Delozier Surgery Center, LLC
209 23rd Ave. North
Nashville, TN 37203

RE: CMS Certification # 44C0001156
Recertification Health Survey – 2/6/15

Dear Mr. Delozier:

Enclosed is the statement of deficiency developed as the result of the recertification health survey completed in your facility **February 3, 2015** by the West Tennessee Regional Office of Health Care Facilities. You are asked to submit an acceptable plan of correction to this office within **ten (10) days** from the date of this letter. The completion date for each deficiency should not be later than **45 days** from the last day of the survey.

During your recertification survey, **one (1) Standard Level** deficiencies were cited under the following number: **Q 181**.

Two (2) State Level deficiency was cited under the following number: **A 660, & A 1102**.

To be acceptable, a plan of correction must respond to each deficiency noted, stating specifically how each deficiency will be corrected and give the approximate date of completion. It is essential for purposes of clarification, as well as your best interest, that your plan of correction specify the exact measures which will be taken to correct each deficiency. As both the statements of deficiencies and plans of correction are subject to public disclosure, statements such as "will comply by", "will complete by", and "already corrected" will not be considered acceptable.

Your plan of correction must contain the following indicators:

- ✓ How the deficiency will be corrected;
- ✓ The date the deficiency will be corrected;
- ✓ What measures or systemic changes will be put in place to ensure that the deficient practice does not recur
- ✓ How the corrective action will be monitored to ensure that the deficient practice does not recur

The Plan of Correction must be submitted on the CMS 2567 form enclosed, dated, titled, and signed by the administrator or a representative before it is considered "acceptable".

Whenever possible, please contain your plan of correction response to the form furnished to you. In the event you need additional space, please continue your response on your letterhead or plain stationery, typing in the name of your facility, address and other identifying information. You may fax your Plan of Correction to this office to accomplish the deadline at (731) 512-0063.

However, the signed, original POC should be mailed back to this office.

If you have any questions concerning the statement of deficiencies, survey process, or completion of forms, please feel free to contact me.

Sincerely,

P. Diane Carter, PHNCC2

P. Diane Carter, RN, LNCC
Public Health Nurse Consultant 2

PDC/ab

Enclosure

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CENTERS FOR MEDICARE & MEDICAID SERVICES

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Q 181	<p>416.48(a) ADMINISTRATION OF DRUGS</p> <p>Drugs must be prepared and administered according to established policies and acceptable standards of practice.</p> <p>This STANDARD is not met as evidenced by: Based on policy review, observation and interview, it was determined the facility failed to ensure all medications were labeled with the date they were opened and failed to date, time, and initial pre-drawn syringes for 1 of 2 (2/2/15) days of the recertification survey.</p> <p>The findings included:</p> <p>1. Review of the facility's "Policy on Medication Labeling" policy documented, "...All open multi-dose medications will be labeled with the date on which they were opened..."</p> <p>Review of the facility's "Policy for medication vials" policy documented, "...Date, time, and initial the vial when you use it. Syringes of medications drawn up for a case must be labeled in the same fashion..."</p> <p>2. Observations in the procedure room on 2/2/15 at 11:00 AM, revealed a syringe laying on the anesthesia cart with a white substance in it which was not labeled, dated, timed or initialed.</p> <p>Observations in the procedure room on 2/2/15 at 11:00 AM, revealed a syringe laying on the anesthesia cart labeled "Lidocaine" but was not dated, timed or initialed.</p>	Q 181	<p>On 2/11/15, the day this letter was received, a meeting was held with both CNAs who service this facility. They were counseled directly by Dr. Delozier to label all medicines even if they were to be given immediately (as was the case here). They understand that they are to draw up the medicines, label, & then give them. As Dr. Delozier is the only surgeon operating @ this facility, he will monitor this policy personally. If further violation occurs, he will report this and suspend the anesthetist.</p>	2/11/15	
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE			TITLE	(X8) DATE	

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions). Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
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Q 181	<p>Continued From page 1</p> <p>Observations in the procedure room on 2/2/15 at 11:20 AM, revealed a syringe laying on the anesthesia cart labeled "Midazolam" but not dated, timed or initialed.</p> <p>Observations in the procedure room on 2/2/15 at 2:35 PM, revealed a 50 milliliter vial of Lidocaine 1 percent on top of the anesthesia cart which was opened but not dated.</p> <p>Observations in the procedure room on 2/2/15 at 2:35 PM, revealed 2 insulin syringes with a clear substance in each one in a drawer on top of the anesthesia cart which were not labeled, dated or timed.</p> <p>Observations in the procedure room on 2/2/15 at 2:37 PM, revealed a bottle of nasal decongestant in the drawer of the anesthesia cart which was opened but not dated.</p> <p>3. During an interview in the procedure room on 2/2/15 at 11:20 AM, when asked about the syringes not being labeled, dated, timed or initialed, the Certified Registered Nurse Anesthetist stated, "I draw my medicines up before each case."</p> <p>During an interview in the procedure room on 2/2/15 at 2:35 PM, the Director of Nursing verified the multi-dose vial of Lidocaine should have been dated and proceeded to discard it.</p> <p>During an interview in the procedure room on 2/2/15 at 2:35 PM, the Director of Nursing verified the insulin syringes should not have been in the drawer on top of the anesthesia cart with no label, date or time, and proceeded to discard these.</p>	Q 181			

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Division of Health Care Facilities

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A 660	<p>1200-8-10-.06 (2)(g) Basic Services</p> <p>(2) Anesthesiology Services.</p> <p>(g) When inhaled general anesthesia known to trigger malignant hyperthermia and/or succinylcholine are maintained in the facility, there shall be thirty-six (36) ampules of Dantrolene for injection onsite. This requirement applies to anesthesia agents, current or future, that are shown to cause malignant hyperthermia. If Dantrolene is administered, appropriate monitoring must be provided post-operatively.</p> <p>This Rule is not met as evidenced by: Based on policy review, observation and interview, it was determined the facility failed to ensure thirty-six ampules of dantrolene for injection were maintained on site during 2 of 2 (2/2/15 and 2/3/15) days of the recertification survey.</p> <p>The findings included:</p> <p>1. Review of the facility's "Emergency Therapy for Malignant Hyperthermia" policy documented, "...ACUTE PHASE TREATMENT...Administer dantrolene sodium 2-3 mg [milligrams]/kg [kilograms] initial bolus rapidly with increments up to 10 mg/kg total. Continue to administer dantrolene until signs of MH [malignant hyperthermia]...are controlled. Occasionally, at total dose greater than 10mg/kg may be needed. Each vial of dantrolene contains 20 mg of dantrolene..."</p> <p>2. Observations in the procedure room on 2/2/15 at 2:50 PM, revealed 12 vials of dantrolene (total of 240 mg).</p>	A 660	<p>We have purchased and are storing the now-regulated amount of Dantrolene (36). This regulation had changed since our last review. We are now aware of it -</p>	2/17/15

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X8) DATE

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Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP535165	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____		(X3) DATE SURVEY COMPLETED 02/03/2015
NAME OF PROVIDER OR SUPPLIER DELOZIER SURGERY CENTER, LLC			STREET ADDRESS, CITY, STATE, ZIP CODE 209 23RD AVENUE NORTH NASHVILLE, TN 37203		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETE DATE
A1102	Continued From page 2 or precancerous or tumorous diseases, the Director of Nursing stated, "...we don't do those..."	A1102			

AFFIDAVIT

NOV 13 17 AM 10:26

STATE OF TENNESSEECOUNTY OF WILLIAMSON

BRIAN WHITE, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.



SIGNATURE/TITLE

Sworn to and subscribed before me this 10TH day of November, 2017 a Notary
(Month) (Year)

Public in and for the County/State of WILLIAMSON/TENNESSEE.



NOTARY PUBLIC

My commission expires OCT 12
(Month/Day)

(Year)2019

Supplemental #1

DeLozier Surgery Center

CN1711-032

November 27, 2017

11:59 am

**State of Tennessee****Health Services and Development Agency****Andrew Jackson Building, 9th Floor****www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884**

November 22, 2017

Brian White
Competitive Solutions, LLC
720 Cool Springs Blvd., Suite 470
Franklin, TN 37203

RE: Certificate of Need Application CN1711-032
DeLozier Surgery Center

Dear Mr. White:

This will acknowledge our November 13, 2017 receipt of your application for a Certificate of Need to convert an existing single-specialty ambulatory surgical treatment center (ASTC), which is currently limited to plastic surgery procedures to a multi-specialty ASTC. The ASTC is located at 209 23rd Avenue North, Nashville (Davidson County), TN 37203.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 4:00 p.m., Monday, November 27, 2017. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section A, Applicant Profile, Item 1, Page 1

Please provide the web-site address for the DeLozier Surgery Center and submit a replacement page 1 (1R).

Replacement Attached

2. Section A, Executive Summary, Item 3.A. Page 2

Please list each of the numbered points below individually (Description, Ownership Structure, Service Area, etc.) and provide a summary response underneath each point.

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;
- 2) Ownership structure;
- 3) Service area;
- 4) Existing similar service providers;
- 5) Project cost;
- 6) Funding;
- 7) Financial Feasibility including when the proposal will realize a positive financial margin; and
- 8) Staffing.

Replacement Attached

3. Section A, Executive Summary, Item 3.B.3 and 3.B.4 Page 3

It is noted the applicant is accredited by AAAASF as a Class C facility. Please briefly explain what AAAASF is and the significance of being accredited as a Class C facility.

Please replace “bed complement” with “operating rooms” in the bottom paragraph on page 3 and submit a replacement page.

Replacement Attached

4. Section A: Project Details, 4.B. Page 5

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each

member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

Replacement Attached

5. Section A: Project Details, 6.B. (2) Page 7

The floor plan is noted. Please indicate the square footage of the ASTC and existing operating room.

Replacement Attached

6. Section A: Project Details, 6.B. (3) Page 7

Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Replacement Attached

7. Section A: Project Details, 9. Medicaid, Medicare Participation, Page 9

It is noted the applicant will not participate in Medicaid/TennCare. However, since Medicaid/TennCare will reimburse for podiatry and pain management procedures, please discuss why the applicant chose not to participate in Medicaid/TennCare.

Replacement Attached

8. Section A: Project Details, Item 10 Bed Complement Data, Page 10

Since the applicant is not an inpatient facility, please provide a replacement page 10 reflecting no licensed beds.

Replacement Attached

9. Section B, (Project Description) Item 1

Please identify which hospitals that the surgeons expecting to use the ASTC have admitting privileges. Will all the surgeons expected to utilize the facility be able

to follow their patients in the case of an emergency transfer? (i.e.- admitting privileges at St. Thomas and Mid-Town).

The ASTC will require all participating physician/surgeons to have admitting privileges at St. Thomas Midtown enabling them to follow patients admitted in case of emergency.

10. Section C, Need Item 1 (Specific Criteria -ASTC) Item A.1. Page 14

Please indicate the projected number of OR cases in Year One and Year Two of the proposed project.

<i>Quarter</i>	<i>Projected Cases</i>
2018 Q1	250
2018 Q2	250
2018 Q3	250
2018 Q4	250
Total Year 1	1000
2019 Q1	250
2019 Q2	250
2019 Q3	250
2019 Q4	250
Total Year 2	1000

11. Section C, Need Item 1(Specific Criteria -ASTC) Item 2. Page 15

Please complete the following table for Year 2 of the proposed project

Operating Rooms	Procedures	Procedures/ Room	Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
Operating Room #1	1,000	1,000	40,000	15 minutes	103,200	53%

* defined as the summation of the minutes by each room available for scheduled cases
Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs/day X 60 min/hr = 540 minutes/day X 5 days/week = 2,700 minutes / week X 50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity

12. Section C, Need Item 1(Specific Criteria -ASTC) Item 3. Page 15

Please complete the following table for the proposed service area ASTCs.

Multi-Specialty	2014	2015	2016	% Change from 15-16
Operating Rooms	49	50	44	-12%
Cases	125,769	37,926	37,491	-1%
Case Per OR	2,566.71	758.52	852.07	12%
Single-Specialty	2014	2015	2016	% Change from 15-16
Operating Rooms	2	2	2	0%
Cases	11,210	1,971	8,611	337%
Case Per OR	5,605	985.50	4,305.50	337%

Note, the 2014 JARS did not split the total cases into the Operating Room/Procedure Room buckets.

13. Section C, Need Item 1(Specific Criteria -ASTC) Item 4.

Please complete the following table for the proposed service area ASTCs.

Single Specialty ASTC Operating Room Utilization in the proposed Service Area

ASTC	County	#ORs	# Cases per OR	% of meeting Optimum Standard-884 per OR
DeLozier Surgery Center	Davidson	1	449	51%
Tennessee Pain Surgery Center	Davidson	1	8162	923%
TOTAL		2	8611	485%

Source: Tennessee Department of Health, Division of Health Statistics, 2016 Joint Annual Reports

Multi-Specialty ASTC Operating Room Utilization in the proposed Service Area

ASTC	County	# PRs	# Cases per OR	% of meeting Optimal Standard-884 per OR
Baptist Ambulatory Surgery Center	Davidson	6	941.67	107%
Baptist Plaza Surgicare	Davidson	9	943.00	107%
Centennial Surgery Center	Davidson	6	869.33	98%
Northridge Surgery Center	Davidson	5	40.20	5%
St. Thomas Surgicare	Davidson	6	995.50	113%
Summit Surgery Center	Davidson	5	996.60	113%
Cool Springs Surgery Center	Williamson	5	1139.60	129%
Franklin Endoscopy Center	Williamson	2	641.50	73%
TOTAL		44	852.07	96%

Source: Tennessee Department of Health, Division of Health Statistics, 2016 Joint Annual

14. Section B, Need Item 1(Specific Criteria -ASTC) Item 6. Page 17

It appears the applicant skipped #6 of the ASTC criterion. Please respond to the following question and provide a replacement page 17 (17R) incorporating the response into the revised page.

Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

The ASTC is located at 209 23rd Avenue N Nashville, TN 37203. The location is within 60 minutes average driving time of the entire service area, defined as Davidson and Williamson counties.

15. Section B, Need Item 1(Specific Criteria -ASTC) Item 11.c Page 19

Please clarify if the applicant plans to ever provide services to TennCare members, and if not, why?

The ASTC does not currently participate in TennCare programs. Original negotiations approximately 5 years ago broke down as reimbursement rates were not sufficient to cover the cost of plastic surgery cases in the ASTC. The ASTC is willing to negotiating a mutually acceptable contractual relationship with TennCare programs for podiatry and pain management.

16. Section B, Need Item C, Page 20

It is noted there has been a significant drop in plastic surgery, pain management and podiatry services provided in the ASTC setting against a growing population. If this is true, why is there a need to expand the applicant's ASTC when there is a diminishing need? Are patient's foregoing these procedures due to lack of available operating rooms, or is it due to decrease in demand?

Why is there a significant drop in plastic surgery, pain management and podiatry services provided in the ASTC setting against a growing population?

Lower revenue per procedure services like plastics, pain and podiatry are getting squeezed out by higher revenue procedures like orthopedics, ophthalmology and neurosurgery. Those higher revenue procedures are also seeing increases in the percentage of cases moving from inpatient to outpatient environments.

Reimbursement per case in orthopedics, ophthalmology and neurosurgery are significantly higher than cases in plastic surgery, pain management and podiatry. The high reimbursement specialty cases also often include reimbursement for devices, implants etc. that further enhance the typical per hour reimbursement.

These differences in reimbursement encourage multi-specialty ASTCs to emphasize and work diligently to attract more cases in those high reimbursement specialties and de-emphasize or 'squeeze-out' the lower reimbursement specialties. The case volume of plastic surgery, pain management and podiatry exhibit that shift in case volume.

17. Section B, Need Item E, Page 23

Please provide utilization for each of the most recent three years of data available using the table below.

Note: The 2014 totals in Joint Annual Reports do not break out cases into the operating room and procedure room buckets.

**2 County Service Area ASTC Patient Utilization
2014-2016**

County	Single Specialty ASTC	2014		2015		2016		% Change 15-16
		# of Operating Rooms	# Operating Rooms Cases	# of Operating Rooms	# Operating Rooms Cases	# of Operating Rooms	# Operating Rooms Cases	
Davidson	DeLozier Surgery Center	1	954	1	457	1	449	-2%
Davidson	Tennessee Pain Surgery Center	1	8169	1	1514	1	8162	439%
Service Area	Single-Specialty Subtotal	2	9123	2	1971	2	8611	337%
	Multi-specialty ASTCs							
Davidson	Baptist Ambulatory Surgery Center	6	20054	6	5723	6	5650	-1%
Davidson	Baptist Plaza Surgicare	9	23628	10	7318	9	8487	16%
Davidson	Centennial Surgery Center	6	11334	6	6058	6	5216	-14%
Davidson	Nashville Surgery Center	5	3927	5	517	0	0	-100%
Davidson	Northridge Surgery Center	5	5147	5	1766	5	201	-89%
Davidson	St. Thomas Surgicare	6	22459	5	5963	6	5973	0%
Davidson	Summit Surgery Center	5	12890	6	4105	5	4983	21%
Williamson	Cool Springs Surgery Center	5	22257	5	5448	5	5698	5%
Williamson	Franklin Endoscopy Center	2	3404	5	1028	2	1283	25%
Service Area	Multi-specialty ASTCs Subtotal	49	125100	50	37926	44	37491	-1%
	Grand Total	51	134223	52	39897	46	46102	16%

Please complete the following table by ASTC for each specialty (podiatry, pain management, and plastic surgery) for 2014-2016.

Podiatry					
ASTC	County	2014 Cases	2015 Cases	2016 Cases	% Change 14-16
Baptist Ambulatory Surgery Center	Davidson	3	0	0	-100%
Centennial Surgery Center	Davidson	374	114	95	-75%
Nashville Surgery Center	Davidson	68	22	0	-100%
Northridge Surgery Center	Davidson	1504	339	313	-79%
St. Thomas Surgicare	Davidson	307	89	74	-76%
Summit Surgery Center	Davidson	572	136	169	-70%
Cool Springs Surgery Center	Williamson	643	179	183	-72%
Franklin Endoscopy Center	Williamson	0	0	41	~
Subtotal		3471	879	875	-75%
Pain Management					
Baptist Ambulatory Surgery Center	Davidson	2892	1829	1955	-32%
Baptist Plaza Surgicare	Davidson	1096	728	1160	6%
Centennial Surgery Center	Davidson	1305	591	784	-40%
Nashville Surgery Center	Davidson	0	0	0	~
Northridge Surgery Center	Davidson	440	241	221	-50%
Premier Radiology Pain Management Center	Davidson	2087	2114	2002	-4%
St. Thomas Surgicare	Davidson	3957	1245	1322	-67%
Summit Surgery Center	Davidson	1154	274	337	-71%
Tennessee Pain Surgery Center	Davidson	8169	7574	10372	27%
Cool Springs Surgery Center	Williamson	2681	864	1094	-59%
Crossroads Surgery Center	Williamson	669	137	748	12%
Franklin Endoscopy Center	Williamson	3404	0	1	-99%
Subtotal		27854	15597	19996	-28%
Plastic Surgery					
Baptist Plaza Surgicare	Davidson	2164	834	814	-72%
Centennial Surgery Center	Davidson	187	144	132	-29%
Nashville Surgery Center	Davidson	400	156	0	-100%
Northridge Surgery Center	Davidson	41	16	13	-68%
St. Thomas Surgicare	Davidson	898	304	291	-68%
Summit Surgery Center	Davidson	153	46	49	-68%
Cool Springs Surgery Center	Williamson	857	285	286	-67%
DeLozier Surgery Center	Davidson	954	457	449	-53%
Subtotal		5654	2242	2034	-74%
Grand Total		36979	18718	22905	-38%

Hospitals now report outpatient surgical cases by specialty beginning with 2016 JAR. Please complete the following table by reporting the two-county service area hospital surgery utilization for plastic surgery, pain management, and podiatry.

Podiatry		
Hospital	County	2016 Cases
Metropolitan Nashville General Hospital	Davidson	0
St. Thomas Midtown	Davidson	0
St. Thomas West	Davidson	197
Centennial Medical Center	Davidson	98
Skyline Medical Center	Davidson	20
Southern Hills Medical Center	Davidson	128
Summit Medical Center	Davidson	9
Vanderbilt Medical Center	Davidson	0
Williamson Medical Center	Williamson	0
Subtotal		452
Pain Management		
Metropolitan Nashville General Hospital	Davidson	0
St. Thomas Midtown	Davidson	1
St. Thomas West	Davidson	8
Centennial Medical Center	Davidson	160
Skyline Medical Center	Davidson	33
Southern Hills Medical Center	Davidson	15
Summit Medical Center	Davidson	4
Vanderbilt Medical Center	Davidson	0
Williamson Medical Center	Williamson	8
Subtotal		229
Plastic Surgery		
Metropolitan Nashville General Hospital	Davidson	6
St. Thomas Midtown	Davidson	376
St. Thomas West	Davidson	297
Centennial Medical Center	Davidson	2088
Skyline Medical Center	Davidson	318
Southern Hills Medical Center	Davidson	0
Summit Medical Center	Davidson	61
Vanderbilt Medical Center	Davidson	1889
Williamson Medical Center	Williamson	6
Subtotal		5041
Grand Total		5722

18. Section B, Need Item F, Page 23

Please provide surgical case projections by specialty using the table below:

Specialty	# of Surgeons	Year 1 OR Cases	Year 2 OR Cases
Podiatry	1	100	100
Plastic Surgery	1	450	450
Pain Mgmt.	1	450	450
Total	3	1000	1000

Since the applicant is requesting to be a multi-specialty ASTC, are there future plans to expand into other specialties?

At this time the ASTC does not have plans to expand into other specialties. The operating room is limited space and could potentially accommodate other non-equipment intensive specialties. However, to date no consideration has been given to additional specialties and the ASTC believes this change as planned will ultimately make near maximum use of the operating room.

19. Section B, Economic Feasibility, Item B. (Funding) Page 26

Please provide a letter from the Chief Financial Officer of the organization's intent to use cash reserves to fund the proposed project.

Attached.

20. Section B, Economic Feasibility, Item C. (Historical Data Chart) Page 27

Please indicate the type of utilization (cases, patients, etc.) data in Line A. in the Historical Data Chart and submit a replacement page 27.

The Historical Data Chart shows no Provision for Charity Care. Please explain.

Charity Care is performed by Dr. DeLozier and generally relate to pediatric cranio-facial patients who are more appropriately treated in a hospital setting. Those cases are taken on a case by case basis. The ASTC accounts on a Cash Basis, those Charity Care cases generate no revenue and thus are not included in the financials of the company.

It is noted the 2016 Joint Annual Report for the applicant reflected \$12,533 in Bad Debt. Please clarify the reason no provision for bad debt was included in the Historical Data Chart.

The ASTC accounts on a Cash Basis, Bad Debt generates no revenue and thus is not included in the financials of the company.

There appears to be a slight calculation error in the 2015 Total Non-Operating Expenses column. Please correct and submit a replacement Historical Data Chart (27R).

Corrected and Attached.

21. Section B. Economic Feasibility Item D (Projected Data Chart) Page 30

The Projected Data Chart shows no Provision for Charity Care or Provision for Bad Debt. Please explain.

The ASTC accounts on a Cash Basis, Charity Care and Bad Debt generate no revenue and thus is not included in the financials of the company.

Please indicate the type of utilization (cases, patients, etc.) data in Line A. in the Projected Data Chart and submit a replacement page 30.

Attached.

22. Section B. Economic Feasibility Item E.3 Page 32

Please compare the proposed charges to those of similar facilities in the service area/ adjoining service area, or to proposed charges of projects recently approved by the Health Services and Development Agency.

Below is a comparison of the Gross Charges of the proposed ASTC against the three geographically closest multi-specialty ASTCs:

ASTC	Gross Charges 2016	Cases 2016	Average Charge 2016
DeLozier Surgery Center (Proposed)	\$2,000,000.00	1,000	\$ 2,000.00
Centennial Surgery Center	\$94,280,358.00	7,531	\$ 12,518.97
Baptist Plaza Surgicare	\$97,411,748.00	8,769	\$ 11,108.65
Baptist Ambulatory Surgery Center	\$66,494,087.00	7,610	\$ 8,737.72

The nature of the limited specialty approach proposed creates a much lower Average Gross Charge.

23. Section B. Economic Feasibility Item F. Page 32

Please provide copies of DeLozier Surgery Center's balance sheet and income statement from the most recent reporting period and the most recent audited financial statements with accompanying notes, if applicable.

Balance Sheet and Income Statement to 10/31/2017 attached. DeLozier Surgery Center, LLC financials are not audited.

24. Section B. Contribution to Orderly Development Item C.D Page 36

The May 25, 2012 letter from the Department of Health waiving the requirement of 400 square feet operating rooms used to perform Class C procedures to 250 square feet limited to plastic surgery is noted. However, since the applicant is proposing to add podiatry and pain management procedures will this waiver be extended to those two specialties by the Tennessee Department of Health? Please discuss.

DeLozier Surgery Center intends to extend the current Class C waiver if this Certificate of Need proposal is approved. The specialties proposed are non-equipment intensive specialties. The current square footage can accommodate the necessary portable C-arm that may be required for some podiatry and pain management procedures. The ASTC does not intend to seek more heavy equipment dependent specialties as the current square footage would not accommodate many of those larger pieces of equipment.

A brief, informal discussion with the Tennessee Department of Health suggested that the plan as proposed would not face significant opposition to extending the waiver to podiatry and pain management as long as the equipment involved would not be an impediment to patient safety in the operating room. Applicant believes the plans as proposed will justify that waiver.

25. Section B, Orderly Development, Item D.2, Page 36

Please provide a letter from the Tennessee Department of Health that all deficiencies/findings have been corrected as a result of the recertification health survey that was conducted on February 5, 2015.

Attached.

24. Section B. Quality Measures

Please verify and acknowledge the applicant will be evaluated annually whether the proposal will provide health care that meets appropriate quality standards upon the following factors:

- (a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;

Applicant commits to maintaining the proposed payer mix, continue the current efforts to accommodate Charity Care and Medically Indigent patients and, if approved, intends to revisit negotiations with TennCare with regard to podiatry and pain management services.

- (b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;

Applicant commits to maintaining staffing consistent with the staffing chart presented in this application.

- (c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;

Applicant commits to maintaining all applicable state licenses in good standing.

- (d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;

Applicant commits to maintaining its Medicare certification and if agreements with TennCare are secured in the future will maintain TennCare certification as well.

- (e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;

Applicant is an existing ASTC and has maintained compliance with applicable state and federal regulations for the past three years.

- (f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;

Applicant is an existing ASTC that has not been decertified.

- (g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

Applicant does, and will continue to, participate in AAAASF accreditation in effort of self-assessment and external peer assessment to pursue continuous improvement in all processes and operations.

- (h) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:

- (ii) Accreditation Association for Ambulatory Health Care, and where applicable, American Association for Accreditation of Ambulatory Surgical Facilities, for Ambulatory Surgical Treatment Center projects.

Applicant does, and will continue to, participate in AAAASF accreditation in effort of self-assessment and external peer assessment to pursue continuous improvement in all processes and operations.

- (i) For Ambulatory Surgical Treatment Center projects, whether the applicant has estimated the number of physicians by specialty expected to utilize the facility, developed criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documented the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

Applicant does, and will continue to, maintain developed criteria to evaluate and extend surgical and anesthesia privileges to medical personnel. Applicant documents staff qualifications for medical and ancillary services.

Mr. Brian White
November 22, 2017
Page 16

Supplemental #1

November 27, 2017

11:59 am

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." For this application the sixtieth (60th) day after written notification is January 19, 2018. If this application is not deemed complete by this date, the application will be deemed void. Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip Earhart
HSD Examiner

Enc.

AFFIDAVITSupplemental #1

November 27, 2017

11:59 am

NOV 27 11:59 AM

STATE OF TENNESSEECOUNTY OF WILLIAMSON

MR BRIAN WHITE, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.



SIGNATURE/TITLE

Sworn to and subscribed before me this 22nd day of November, 2017 a Notary
(Month) (Year)

Williamson/
 Public in and for the County/State of TENNESSEE



NOTARY PUBLIC

My commission expires OCT 12, 2019
(Month/Day) (Year)



Supplemental #A2

DeLozier Surgery Center

CN1711-032



State of Tennessee

Health Services and Development Agency

Andrew Jackson Building, 9th Floor

www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

November 29, 2017

Brian White
Competitive Solutions, LLC
720 Cool Springs Blvd., Suite 470
Franklin, TN 37203

RE: Certificate of Need Application CN1711-032
DeLozier Surgery Center

Dear Mr. White:

This will acknowledge our November 27, 2017 receipt of your supplemental response to convert an existing single-specialty ambulatory surgical treatment center (ASTC), which is currently limited to plastic surgery procedures to a multi-specialty ASTC. The ASTC is located at 209 23rd Avenue North, Nashville (Davidson County), TN 37203.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 4:00 p.m., Thursday, November 30, 2017. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

Please note that if additional information is added to the original application as a result of the supplemental request, please label additional pages as 1A, 1B, etc. to correspond with the original application page order. Also, please submit the supplemental response single-sided so that replacement pages may be incorporated into the original application.

1. Section A, Applicant Profile, Item 1, Page 1

The applicant notes there is not a web-site address for the DeLozier Surgery Center. However, it appears the web-site for DeLozier Surgery Center is <http://drdelozier.com/>. Please clarify and submit a replacement page 1 (labeled as 1R) if necessary.

www.drdeLozier.com is the website for Joseph B. DeLozier, III, MD, PLLC. Dr. DeLozier's private medical practice a separate entity from DeLozier Surgery Center with common ownership.

Attached

2. Section A, Executive Summary, Item 3.A. Page 2

It is noted the applicant listed each of the numbered points below individually (Description, Ownership Structure, Service Area, etc.) and provided a summary response underneath each point. However, please provide replacement pages that flow with the application with the appropriate page number (i.e.-1R, 2R. etc.)

- 1) Description - Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;
- 2) Ownership structure;
- 3) Service area;
- 4) Existing similar service providers;
- 5) Project cost;
- 6) Funding;
- 7) Financial Feasibility including when the proposal will realize a positive financial margin; and
- 8) Staffing.

Attached

3. Section A, Executive Summary, Item 3.B.3 and 3.B.4 Page 3

It is noted the applicant is accredited by AAAASF as a Class C facility and explained the significance of being accredited as a Class C facility. However, the applicant incorporated the response into what appears to be replacement page 4. Please provide a response to the question below without incorporating into the application.

Response to above question here:

DeLozier Surgery Center currently participates in Medicare certification programs as well as AAAASF accreditation programs and will expand those quality programs to the new service lines offered.

The American Association for Accreditation of Ambulatory Surgery Facilities, Inc. (AAAASF) was established in 1980 to standardize and improve the quality of health care in outpatient facilities. AAAASF accredits thousands of facilities world-wide, making it one of the largest not-for-profit outpatient accrediting organizations.

AAAASF accreditation programs help facilities demonstrate a strong commitment to patient safety, standardize quality, maintain fiscal responsibility, promote services to patients and collaborate with other health care leaders.

AAAASF provides official recognition to facilities that have met 100% of its high standards. Accreditation assures the public that patient safety is top priority in a facility.

An accredited facility must comply with the most stringent set of applicable standards available in the nation and meet our strict requirements for facility directors, medical specialist certification and staff credentials. It also must pass a thorough survey by qualified AAAASF surveyors.

An accredited facility is re-evaluated through a self-survey every year, and an onsite survey every three years. Facilities must continuously comply with all AAAASF accreditation standards between surveys. Upon approval, an accredited facility must prominently display its accreditation certificate in public view.

An accredited facility must be fully equipped to perform procedures in the medical specialties listed on its accreditation application.

It is noted the applicant replaced the "bed complement" with "operating rooms" that was located in the original application in the bottom paragraph on page 3. However, the replacement page was labeled as page 5 rather than page 3. **Please correct and submit a replacement page 3 (labeled as 3R).**

Attached

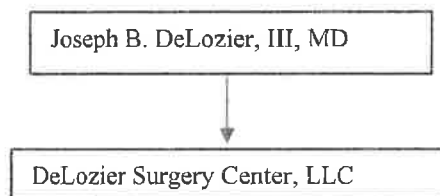
4. Section A: Project Details, 4.B. Page 5

It is noted the applicant described the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. It is also noted the applicant explained the corporate structure and the manner in which

all entities of the ownership structure relate to the applicant identifying the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest. However, please provide a response below rather than incorporating the response into page 7.

Response to above question here:

DeLozier Surgery Center, LLC is a single member LLC wholly (100%) owned by Joseph B. DeLozier, III, MD



5. Section A: Project Details, 6.B. (2) Page 7

The floor plan is noted. Please indicate the square footage of the ASTC and existing operating room.

Response to above question here:

The ASTC encompasses 514 sq.ft. The existing Operating Room encompasses 258 sq.ft. compliant under the waiver for a plastic surgery operating room and will additionally meet the standard for podiatry and pain management.

6. Section A: Project Details, 6.B. (3) Page 7

Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Response to the above question here:

Metro Davidson County bus lines have stops within a half mile of the 23rd Avenue location on Charlotte Avenue and Elliston Place. There is no public transportation stop on 23rd Avenue between Charlotte Avenue and Elliston Place.

7. Section A: Project Details, 9. Medicaid, Medicare Participation, Page 9

It is noted the applicant will not participate in Medicaid/TennCare. However, since Medicaid/TennCare will reimburse for podiatry and pain management procedures, please discuss why the applicant chose not to participate in Medicaid/TennCare.

Response to the above question here:

The ASTC does not currently participate in TennCare programs. Original negotiations approximately 5 years ago broke down as reimbursement rates were not sufficient to cover the cost of plastic surgery cases in the ASTC. The ASTC is open to negotiating with TennCare programs for podiatry and pain management.

8. Section A: Project Details, Item 10 Bed Complement Data, Page 10

It is noted the applicant provided a replacement page 10 reflecting no licensed beds. However, please correctly label the page as 10R rather than page 14 and submit.

Attached

9. Section C, Need Item 1(Specific Criteria -ASTC) Item 2. Page 15

It is noted the applicant completed the following table for Year 2 of the proposed project. However, please provide calculations on how the applicant derived the applicant will use 53% of schedulable time in Year 2. How did the applicant figure there will be 103,200 schedulable minutes? Please clarify.

Operating Rooms	Procedures	Procedures/ Room	Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
Operating Room #1	1,000	1,000	40,000	15 minutes	65,000	48%

* defined as the summation of the minutes by each room available for scheduled cases
Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs/day X 60 min/hr = 540 minutes/day X 5 days/week = 2,700 minutes / week X 50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity

10. Section C, Need Item 1(Specific Criteria -ASTC) Item 3. Page 15

It is noted the applicant completed the following table for the proposed service area ASTCs. However, the figures provided for 2014 do not match the figures

the applicant provided for question #17 for the 2014-2016 ASTC utilization for the 2 county service area. For your convenience, the total from question #17 is provided below. Please clarify.

Multi-Specialty	2014	2015	2016	% Change from 14-16
Operating Rooms	49			
Cases	125,100			
Case Per OR	2555			
Single-Specialty	2014	2015	2016	% Change from 14-16
Operating Rooms	2			
Cases	9,123			
Case Per OR	4,561			

11. Section C, Need Item 1(Specific Criteria -ASTC) Item 4.

The following table for the proposed service area multi-specialty ASTCs is noted. However, there appears to be an error for the figures reported for Northridge Surgery Center. Please correct and revise the following table.

For this table, we used the 2016 data from JARs. Nashville Surgery Center had closed its 5 operating rooms. Baptist Plaza Surgicare had dropped from 10 operating rooms to 9 operating rooms.

Multi-Specialty ASTC Operating Room Utilization in the proposed Service Area

ASTC	County	# ORs	# Cases per OR	% of meeting Optimal Standard-884 per OR
Baptist Ambulatory Surgery Center	Davidson	6	941.67	107%
Baptist Plaza Surgicare	Davidson	9	943.00	107%
Centennial Surgery Center	Davidson	6	869.33	98%
Northridge Surgery Center	Davidson	5	434.20	49%
St. Thomas Surgicare	Davidson	6	995.50	113%
Summit Surgery Center	Davidson	5	996.60	113%
Cool Springs Surgery Center	Williams on	5	1139.60	129%
Franklin Endoscopy Center	Williams on	2	641.50	73%
TOTAL		44	896.84	101%

Source: Tennessee Department of Health, Division of Health Statistics, 2016 Joint Annual

12. Section B, Need Item C, Page 20

The applicant notes there has been a significant drop in plastic surgery, pain management and podiatry services provided in the ASTC setting against a growing population. However, there appears to be significant increases in the volume of pain management and plastic surgery ASTC cases from 2015 to 2016 as reported in the Joint Annual Reports. How does the significant actual **increases** in the JARs in the those areas support the assumption by the applicant there has been a significant **drop** in plastic surgery, pain management and podiatry services provided in the ASTC setting?

When the data includes both Operating Rooms and Procedure Rooms, the case volume shows significant drops in the volume of each:

Specialty	2014 Cases	2015 Cases	2016 Cases	3-Year Average	2-Year Growth
Plastic Surgery	5,654	2,242	2,034	3,310	-64.03%
Pain Management	27,854	15,597	15,597	19,683	-44.00%
Podiatry	3,471	879	875	1,742	-74.79%

This data shows the 'squeezing out' of those cases from ASTCs. Parsing the data to only the operating rooms (for which 2014 data did not split), the 2015 to 2016 trend is an increase but appears to not be representative of the true market shift when 2014 data is included.

Those cases did not vanish in an area of population growth. Cosmetic Plastic Surgery cases have been moved to office based operating rooms (non-CON). Pain Management cases have moved to more oral pain medication (opioids) as access to facilities to perform longer relief procedures including epidural steroid injections and nerve root blocks. Podiatry cases have been limited to in-office procedures that can be shorter term remedies causing repeated procedures.

13. Section B, Need Item E, Page 23

The table below of the utilization for each of the most recent three years of available data is noted. However, there is a calculation error in the # 2015 multi-specialty operating rooms. It appears there are 53 rather than 50. Please clarify and provide a corrected table below.

The Franklin Endoscopy # of Operating Rooms for 2015 was a typo, should be 2 operating rooms, not 5. Corrected below.

**2 County Service Area ASTC Patient Utilization
2014-2016**

County	Single Specialty ASTC	2014		2015		2016		% Change 14-16
		# of Operating Rooms	# Operating Rooms Cases	# of Operating Rooms	# Operating Rooms Cases	# of Operating Rooms	# Operating Rooms Cases	
Davidson	DeLozier Surgery Center	1	954	1	457	1	449	-2%
Davidson	Tennessee Pain Surgery Center	1	8169	1	1514	1	8162	439%
Service Area	Single-Specialty Subtotal	2	9123	2	1971	2	8611	337%
	Multi-specialty ASTCs							
Davidson	Baptist Ambulatory Surgery Center	6	20054	6	5723	6	5650	-1%
Davidson	Baptist Plaza Surgicare	9	23628	10	7318	9	8487	16%
Davidson	Centennial Surgery Center	6	11334	6	6058	6	5216	-14%
Davidson	Nashville Surgery Center	5	3927	5	517	0	0	-100%
Davidson	Northridge Surgery Center	5	5147	5	1766	5	201	-89%
Davidson	St. Thomas Surgicare	6	22459	5	5963	6	5973	0%
Davidson	Summit Surgery Center	5	12890	6	4105	5	4983	21%
Williamson	Cool Springs Surgery Center	5	22257	5	5448	5	5698	5%
Williamson	Franklin Endoscopy Center	2	3404	2	1028	2	1283	25%
Service Area	Multi-specialty ASTCs Subtotal	49	125100	50	37926	44	37491	-1%
	Grand Total	51	134223	52	39897	46	46102	16%

It is noted Centennial Medical Center and Vanderbilt Medical Center combined provided 3,977 outpatient plastic surgery cases in 2016. If this project is approved, how will it impact the future plastic surgery utilization of Centennial Medical Center and Vanderbilt Medical Center?

Plastic Surgery cases will not be impacted by this project as Dr. DeLozier will continue to be the only plastic surgeon using the facility and his patterns will not change. He does fewer than 5 pediatric cranio-facial cases annually at Vanderbilt Medical Center, that quantity will not be impacted. He does not perform cases at Centennial Medical Center currently.

14. Section B, Economic Feasibility, Item C. (Historical Data Chart) Page 27

It is noted the applicant provided a revised Historical Data Chart. However, the applicant labeled the chart as page 31 rather than the requested 27. Please submit the Historical Data Chart labeled as 27R and 28R (second page of the chart).

Attached

15. Section B. Economic Feasibility Item D (Projected Data Chart) Page 30

It is noted the applicant provided a revised Projected Data Chart. However, the applicant labeled the Projected Data Chart as page 34 rather than the requested page 30. Please submit a Projected Data Chart labeled as 30R and 31R (second page of the Projected Data Chart).

Attached

16. Section B. Economic Feasibility Item F (Projected Data Chart) Page 32

The DeLozier Surgery Center, LLC income statement is noted. However, please clarify the designation of \$93,983 in the income statement that is unassigned.

Anesthesia Fees label corrected version attached.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." For this application the sixtieth (60th) day after written notification is January 19, 2018. If this application is not deemed complete by this date, the application will be deemed void. Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the

Mr. Brian White
November 29, 2017
Page 11

Supplemental #A2

November 30, 2017

10:54 am

review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip Earhart
HSD Examiner

Enc.

November 30, 2017

10:54 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Williamson

NAME OF FACILITY: DeLozier Surgery Center

I, R BRIAN WHITE, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

_____
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28th day of November, 2017, witness my hand at office in the County of Williamson State of Tennessee.



NOTARY PUBLICMy commission expires OCT. 12, 2019.

HF-0043

Revised 7/02





**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

NOV 14 2017 11:01 AM

LETTER OF INTENT

The Publication of Intent is to be published in the The Tennessean which is a newspaper
of general circulation in Davidson (Name of Newspaper)
(County), Tennessee, on or before November 10, 2017
(Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

DeLozier Surgery Center

ASTC

(Name of Applicant)

(Facility Type-Existing)

owned by: DeLozier Surgery Center, LLC

with an ownership type of LLC

and to be managed by: Owner intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]:

Conversion of an existing plastic surgery single specialty ASTC at 209 23rd Avenue North Nashville, TN

37203 to a multi-specialty ASTC. Project Cost is \$50,000.

The anticipated date of filing the application is: November 15, 2017

The contact person for this project is Brian White

(Contact Name)

(Title)

who may be reached at: Competitive Solutions, LLC

(Company Name)

720 Cool Springs Blvd. #470

(Address)

Franklin

TN

37067

615

369-6336 x11

(City)

(State)

(Zip Code)

(Area Code / Phone Number)

(Signature)

11/8/2017

(Date)

info@competitivesolutions.com

(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

20091106

PUBLICATION OF INTENT

The following shall be published in the "Legal Notices" section of the newspaper in a space no smaller than two (2) columns by two (2) inches.

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

DeLozier Surgery Center

ASTC

(Name of Applicant)

(Facility Type-Existing)

owned by: DeLozier Surgery Center, LLC with an ownership type of LLC

Owner

and to be managed by: intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]:

Conversion of an existing plastic surgery single specialty ASTC at 209 23rd Avenue N Nashville, TN 37203 to a multi-specialty ASTC. Project Cost is \$50,000

The anticipated date of filing the application is: November 15, 20 17

The contact person for this project is Brian White Consultant
(Contact Name) (Title)

who may be reached at: Competitive Solutions, LLC 720 Cool Springs Blvd. #470
(Company Name) (Address)
Franklin TN 37067 615 / 369-6336 x11
(City) (State) (Zip Code) (Area Code / Phone Number)

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Jerry W. Taylor
jtaylor@burr.com
Direct Dial: (615) 724-3247

222 Second Avenue South
Suite 2000
Nashville, TN 37201

Office (615) 724-3200

Fax (615) 724-3290

Toll-free (866) 489-8542

BURR.COM

February 19, 2018

Melanie M. Hill
Tennessee Health Services and Development Agency
502 Deaderick Street, 9th Floor
Andrew Jackson Building
Nashville, TN 37243-0200

Re: DeLozier Surgery Center, CN1711-032

Dear Ms. Hill:

This is on behalf of Centennial Surgery Center, a multi-specialty ASTC located at 345 23rd Avenue South in Nashville, concerning the above referenced CON application.

The applicant is requesting its facility, which is currently limited to plastic surgery, be re-classified as a multi-specialty ASTC. The application states and attempts to demonstrate a need for DeLozier Surgery Center to perform podiatry and pain management cases, in addition to plastic surgery cases. It never states, nor demonstrates, there is a need for additional capacity for any other surgical specialty at its facility, or anywhere else in the service area. Opening up DeLozier Surgery Center to "multi-specialty" status could allow it to perform cases in many specialties it has not previously been approved for, and for which it has not demonstrated a current or future need.

Centennial Surgery Center is not opposed to a CON which is limited to allowing the applicant to expand its services only to podiatry and pain management cases in addition to its current plastic surgery specialty. Such a limitation should be placed as a condition of the CON. If and to the extent the applicant seeks to expand beyond those two additional specialties, Centennial Surgery Center opposes the application.

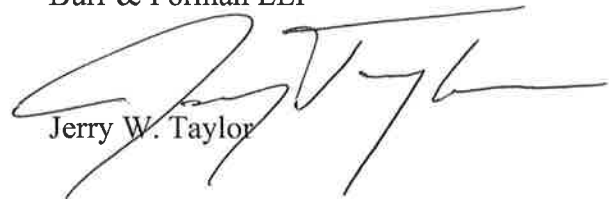
Representatives of Centennial Surgery Center will attend the HSDA meeting on February 28 in order to express these concerns in more detail. Thank you.

Melanie M. Hill
February 19, 2018
Page 2

FEB 20 '18 AM 10:51

Very truly yours,

Burr & Forman LLP



Jerry W. Taylor

cc: Mr. Brian White
Competitive Solutions, LLC
info@competitivesolutions.com

**RULES
OF
HEALTH SERVICES AND DEVELOPMENT AGENCY**

**CHAPTER 0720-11
CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA**

TABLE OF CONTENTS

0720-11-.01 General Criteria for Certificate of Need

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
 - (a) The relationship of the proposal to any existing applicable plans;
 - (b) The population served by the proposal;
 - (c) The existing or certified services or institutions in the area;
 - (d) The reasonableness of the service area;
 - (e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
 - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
 - (g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.
- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
 - (a) Whether adequate funds are available to the applicant to complete the project;
 - (b) The reasonableness of the proposed project costs;
 - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
 - (d) Participation in state/federal revenue programs;
 - (e) Alternatives considered; and
 - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.

(Rule 0720-11-.01, continued)

- (3) Quality. Whether the proposal will provide health care that meets appropriate quality standards may be evaluated upon the following factors:
 - (a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;
 - (b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;
 - (c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;
 - (d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;
 - (e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;
 - (f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;
 - (g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.
 1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:
 - (i) Those having the same accrediting standards as the licensed hospital of which it will be a department, for a Freestanding Emergency Department;
 - (ii) Accreditation Association for Ambulatory Health Care, and where applicable, American Association for Accreditation of Ambulatory Surgical Facilities, for Ambulatory Surgical Treatment Center projects;
 - (iii) Commission on Accreditation of Rehabilitation Facilities (CARF), for Comprehensive Inpatient Rehabilitation Services and Inpatient Psychiatric projects;
 - (iv) American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority, for Megavoltage Radiation Therapy projects;
 - (v) American College of Radiology, for Positron Emission Tomography, Magnetic Resonance Imaging and Outpatient Diagnostic Center projects;

(Rule 0720-11-.01, continued)

- (vi) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, or another accrediting body with deeming authority for hospice services from CMS or state licensing survey, and/or other third party quality oversight organization, for Hospice projects;
 - (vii) Behavioral Health Care accreditation by the Joint Commission for Nonresidential Substitution Based Treatment Center, for Opiate Addiction projects;
 - (viii) American Society of Transplantation or Scientific Registry of Transplant Recipients, for Organ Transplant projects;
 - (ix) Joint Commission or another appropriate accrediting authority recognized by CMS, or other nationally recognized accrediting organization, for a Cardiac Catheterization project that is not required by law to be licensed by the Department of Health;
 - (x) Participation in the National Cardiovascular Data Registry, for any Cardiac Catheterization project;
 - (xi) Participation in the National Burn Repository, for Burn Unit projects;
 - (xii) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, and/or other accrediting body with deeming authority for home health services from CMS and participation in the Medicare Quality Initiatives, Outcome and Assessment Information Set, and Home Health Compare, or other nationally recognized accrediting organization, for Home Health projects; and
 - (xiii) Participation in the National Palliative Care Registry, for Hospice projects.
- (h) For Ambulatory Surgical Treatment Center projects, whether the applicant has estimated the number of physicians by specialty expected to utilize the facility, developed criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documented the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.
- (i) For Cardiac Catheterization projects:
 - 1. Whether the applicant has documented a plan to monitor the quality of its cardiac catheterization program, including but not limited to, program outcomes and efficiencies;
 - 2. Whether the applicant has agreed to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee, which may be developed per Policy Recommendation; and
 - 3. Whether the applicant will staff and maintain at least one cardiologist who has performed 75 cases annually averaged over the previous 5 years (for an adult program), and 50 cases annually averaged over the previous 5 years (for a pediatric program).
- (j) For Open Heart projects:

(Rule 0720-11-.01, continued)

1. Whether the applicant will staff with the number of cardiac surgeons who will perform the volume of cases consistent with the State Health Plan (annual average of the previous 2 years), and whether the applicant will maintain this volume in the future;
 2. Whether the applicant will staff and maintain at least one surgeon with 5 years of experience;
 3. Whether the applicant will participate in a data reporting, quality improvement, outcome monitoring, and peer review system that benchmarks outcomes based on national norms, with such a system providing for peer review among professionals practicing in facilities and programs other than the applicant hospital (demonstrated active participation in the STS National Database is expected and shall be considered evidence of meeting this standard);
- (k) For Comprehensive Inpatient Rehabilitation Services projects, whether the applicant will have a board-certified physiatrist on staff (preferred);
- (l) For Home Health projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
- (m) For Hospice projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
- (n) For Megavoltage Radiation Therapy projects, whether the applicant has demonstrated that it will meet the staffing and quality assurance requirements of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority;
- (o) For Neonatal Intensive Care Unit projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; whether the applicant has documented the intention and ability to comply with the staffing guidelines and qualifications set forth by the Tennessee Perinatal Care System Guidelines for Regionalization, Hospital Care Levels, Staffing and Facilities; and whether the applicant will participate in the Tennessee Initiative for Perinatal Quality Care (TIPQC);
- (p) For Nursing Home projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives;
- (q) For Inpatient Psychiatric projects:
1. Whether the applicant has demonstrated appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems and children who need quiet space; proper sleeping and bathing arrangements for all patients), adequate staffing (i.e., that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all

(Rule 0720-11-.01, continued)

- times), and how the proposed staffing plan will lead to quality care of the patient population served by the project;
 2. Whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; and
 3. Whether an applicant that owns or administers other psychiatric facilities has provided information on satisfactory surveys and quality improvement programs at those facilities.
- (r) For Freestanding Emergency Department projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan;
 - (s) For Organ Transplant projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan; and
 - (t) For Relocation and/or Replacement of Health Care Institution projects:
 1. For hospital projects, Acute Care Bed Need Services measures are applicable; and
 2. For all other healthcare institutions, applicable facility and/or service specific measures are applicable.
 - (u) For every CON issued on or after the effective date of this rule, reporting shall be made to the Health Services and Development Agency each year on the anniversary date of implementation of the CON, on forms prescribed by the Agency. Such reporting shall include an assessment of each applicable volume and quality standard and shall include results of any surveys or disciplinary actions by state licensing agencies, payors, CMS, and any self-assessment and external peer assessment processes in which the applicant participates or participated within the year, which are relevant to the health care institution or service authorized by the certificate of need. The existence and results of any remedial action, including any plan of correction, shall also be provided.
 - (v) HSDA will notify the applicant and any applicable licensing agency if any volume or quality measure has not been met.
 - (w) Within one month of notification the applicant must submit a corrective action plan and must report on the progress of the plan within one year of that submission.
- (4) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:
 - (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
 - (b) The positive or negative effects attributed to duplication or competition; and

(Rule 0720-11-.01, continued)

- (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers.
- (5) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
 - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
 - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
 - (c) Quality of Health Care to be provided. The applicant should show the quality of health care to be provided will be served at least as well as the original site.
 - (d) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (6) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: T.C.A. §§ 4-5-202, 4-5-208, 68-11-1605, 68-11-1609, and 2016 Tenn. Pub. Acts Ch. 1043.

Administrative History: Original rule filed August 31, 2005; effective November 14, 2005. Emergency rule filed May 31, 2017; effective through November 27, 2017.

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: January 31, 2018

APPLICANT: DeLozier Surgery Center
209 23rd Avenue North
Nashville, Tennessee

CONTACT PERSON: Brian White
720 Cool Springs Blvd., Suite 470
Franklin, Tennessee 37067

COST: \$50,000

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, DeLozier Surgery Center, LLC located at 209 23rd Avenue North, Nashville, Tennessee 37203, seeks Certificate of Need (CON) approval for the conversion of an existing plastic surgery single specialty ASTC to a multi-specialty ASTC. The total project cost is \$50,000 and will be funded through cash reserves.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

The applicant's service area includes Davidson and Williamson counties.

Service Area Population

	2017	2021	% Increase
Davidson	689,338	722,665	4.8%
Williamson	220,746	239,411	8.5%
Total	910,084	962,076	5.7%

Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health

DeLozier Surgery Center intends to convert the single specialty plastic surgery ASTC with one operating room to a multi-specialty ASTC with no increase in the bed compliment. The ownership will remain the same with DeLozier Surgery Center, LLC owning 100% of the ASTC and Controlled by its sole member, Dr. Joseph B. DeLozier, III, MD. The additional specialties to be served by the ASTC will be pain management and podiatry.

The service area is currently served by 9 multi-specialty ASTCs open to all market providers and 2 ASTCs dedicated to pain management limited to the owner practices. The multi-specialty ASTCs currently restrict access to pain management and podiatry in favor of more profitable lines of service including orthopedic surgery, ophthalmology, and GI. Plastic surgery, pain management and podiatry have seen significant reductions in case volumes in existing centers over the past three years.

The ASTCs new services will be staffed with pain management physicians and podiatrists currently working in the market and current ancillary staff will expand their work hours to accommodate new volume.

		2014		2015		2016		
Single Specialty	County	# ORs	# OR Cases	# ORs	# OR Cases	# ORs	# OR Cases	% Change
DeLozier Surgery Center	Davidson	1	954	1	457	1	449	-2%
Tennessee Pain Surgery Center	Davidson	1	8169	1	1514	1	8162	439%
Total		2	9123	2	1971	2	8611	337%
Multi-Specialty								
Baptist ASTC	Davidson	6	20054	6	5723	6	5650	-1%
Baptist Plaza Surgical	Davidson	9	23628	10	7318	9	8487	16%
Centennial Surgery Center	Davidson	6	11334	6	6058	6	5216	-14%
Nashville Surgery Center	Davidson	5	3927	5	517	0	0	-100%
Northridge Surgery Center	Davidson	5	5147	5	1766	5	201	-89%
St. Thomas Surgicare	Davidson	6	22459	5	5963	6	5973	0%
Summit Surgery Center	Davidson	5	12890	6	4105	5	4983	21%
Cool Springs Surgery Center	Williamson	5	22257	5	5448	5	5698	5%
Franklin Endoscopy Center	Williamson	2	3404	2	1028	2	1283	25%
Multi-specialty ASTC Subtotal		49	125100	50	37926	44	37491	-1%
Grand Total		51	134223	52	39897	46	46102	16%

Source: Joint Annual Report of Ambulatory Surgical Treatment Centers 2016 Final, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

The applicant projects 1000 surgical cases in year one and 1000 surgical cases in year two of the project. Dr. DeLozier has historically performed 440 and 480 plastic surgery procedures per year per the JAR. The addition of pain management and podiatry is anticipated to increase the number of procedures performed by between 500 and 600 procedures annually.

Multi-Specialty ASTC Operating Room Utilization	COUNTY	# ORs	# CASES per OR	% Meeting Optimal Standard 884 per OR
Baptist ASTC	Davidson	6	941.67	107%
Baptist Plaza Surgical	Davidson	9	943.00	107%
Centennial Surgery Center	Davidson	6	869.33	98%
Northridge Surgery Center	Davidson	5	434.20	49%
St. Thomas Surgicare	Davidson	6	995.50	113%
Summit Surgery Center	Davidson	5	996.60	113%
Cool Springs Surgery Center	Williamson	5	1138.60	129%
Franklin Endoscopy Center	Williamson	2	641.50	73%
TOTAL		44	896.84	101%

TENNCARE/MEDICARE ACCESS:

The applicant participates in the Medicare program but does not participate currently in the TennCare program.

The applicant projects \$500,000 in Medicare payments or 25% of total revenues.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of

utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located on page 25 of the application. The total project cost is \$50,000.

Historical Data Chart: The Historical Data Chart is located on page 27R of the application. The applicant reports 954, 457, and 449 cases with net operating revenues of \$124,230, \$159,446, and \$52,663 each year, respectively.

Projected Data Chart: The Projected Data Chart is located on page 31R of the application. The applicant projects 1000 cases in 2018 and 1000 cases in 2019 with net operating revenues of \$307,000 in each year, respectively.

Proposed Charge Schedule

	Previous Year	Current Year	Year One	Year Two	% Change
Gross Charge	\$2540	\$1958	\$2000	\$2000	2%
Average Deduction	\$1131	\$740	\$900	\$900	22%
Average Net Charge	\$1409	\$1218	\$1100	\$1100	%-10

Proposed Staffing

Title	Proposed FTE
RN OR	7.0
CRNA	1.5
Receptionist	1.0
Contractual Staff	2.0
Total	11.50

Payor Mix Year One

Payor Source	Projected Gross Operating Revenue	% of Total
Medicare/Medicare Managed Care	\$500,000	25%
TennCare/Medicaid	0	0
Commercial/Other Managed Care	\$900,000	45%
Self-Pay	\$600,000	30%
Worker's Comp	0	0%
Charity Care	0	0%
Total	\$	100%

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant contracts with Medicare and various commercial managed care organizations. DeLozier has a transfer agreement with St. Thomas Midtown Hospital.

The applicant believes this proposal will expand the use of the current complement of ASTC beds and have a positive impact on the target market. The proposal will allow greater access to care in the proposed specialties which is necessary as demonstrated from the decreased volumes of cases in those specialties at existing multi-specialty ASTCs.

There are no negative effects anticipated due to the limited scope of this project.

The applicant is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities as an Ambulatory Surgical Treatment Center and is accredited by the American Association for Accreditation of Ambulatory Surgery Facilities.

QUALITY MEASURES:

American Association for Accreditation of Ambulatory Surgery Facilities

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

AMBULATORY SURGICAL TREATMENT CENTERS

Assumptions in Determination of Need The need for an ambulatory surgical treatment center shall be based upon the following assumptions:

1. Operating Rooms

- a. An operating room is available 250 days per year, 8 hours per day.
- b. The estimated average time per Case in an Operating Room is 65 minutes.
- c. The average time for clean up and preparation between Operating Room Cases is 30 minutes.
- d. The optimum utilization of a dedicated, outpatient, general-purpose Operating Room is 70% of full capacity. $70\% \times 250 \text{ days/year} \times 8 \text{ hours/day} \div 95 \text{ minutes} = 884 \text{ Cases per year}$.

2. Procedure Rooms

- 1. **Need.** The minimum numbers of 884 Cases per Operating Room and 1,867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need. An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1,867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to specific type or types should apply for a Specialty ASTC.

The operating room will be available Monday thru Saturday, approximately 300 days per year, 8 hours per day. The average time per outpatient surgery will be 40 minutes, 10 minutes for patient prep, 20 minutes for procedure, 10 minutes for patient recovery. The average time for clean-up will be 10 minutes. The estimate capacity will be in excess of 884.

2. **Need and Economic Efficiencies.** An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

The applicant projects 1000 surgical cases in year one and 1000 surgical cases in year two of the project.

2018 Q1 250	2019 Q1 250
2018 Q2 250	2019 Q2 250
2018 Q3 250	2019 Q3 250
2018 Q4 250	2019 Q4 250

Operating Rooms	Procedures	Procedure Rooms	Minutes Used	Average Turnaround	Schedulable Minutes	% of Schedulable Time Used
Operating Room #1	1,000	1,000	40,000	15 minutes	65,000	48%

3. **Need; Economic Efficiencies; Access.** To determine current utilization and need, an applicant should take into account both the availability and utilization of either: all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available) OR, all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

		2014	2015	2016				
Single Specialty	County	# ORs	# OR Cases	# ORs	# OR Cases	# ORs	# OR Cases	% Change
DeLozier Surgery Center	Davidson	1	954	1	457	1	449	-2%
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Centennial Surgery Center	Davidson	6	11334	6	6058	6	5216	-14%
Nashville Surgery Center	Davidson	5	3927	5	517	0	0	-100%
Northridge Surgery Center	Davidson	5	5147	5	1766	5	201	-89%
St. Thomas Surgicare	Davidson	6	22459	5	5963	6	5973	0%
Summit Surgery Center	Davidson	5	12890	6	4105	5	4983	21%
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Franklin Endoscopy Center	Williamson	2	3404	2	1028	2	1283	25%
Multi-specialty ASTC Subtotal		49	125100	50	37926	44	37491	-1%
Grand Total		51	134223	52	39897	46	46102	16%

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2016 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

4. Need and Economic Efficiencies.

An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

Multi-Specialty ASTC Operating Room Utilization	COUNTY	# ORs	# CASES per OR	% Meeting Optimal Standard 884 per OR
Baptist ASTC	Davidson	6	941.67	107%
Baptist Plaza Surgical	Davidson	9	943.00	107%
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Summit Surgery Center	Davidson	5	996.60	113%
Cool Springs Surgery Center	Williamson	5	1138.60	129%
Franklin Endoscopy Center	Williamson	2	641.50	73%
TOTAL		44	896.84	101%

5. Need

An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

Single Specialty	County	# ORs	# OR Cases	# ORs	# OR Cases	# ORs	# OR Cases	% Change
DeLozier Surgery Center	Davidson	1	954	1	457	1	449	-2%
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Multi-specialty ASTC Subtotal		49	125100	50	37926	44	37491	-1%
Grand Total		51	134223	52	39897	46	46102	16%

Other Standards and Criteria

7. Access to ASTCs.

An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available.

Public transportation is available.

8. Access to ASTCs.

An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

Service Area Population

	2017	2021	% Increase
Davidson	689,338	722,665	4.8%
Williamson	220,746	239,411	8.5%
Total	910,084	962,076	5.7%

Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health

9. Access and Economic Efficiencies.

An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

1 st Quarter	250	250
2 nd Quarter	250	250
3 rd Quarter	250	250
4 th Quarter	250	250
Total	1000	1000

10. Patient Safety and Quality of Care; Health Care Workforce.

a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

The applicant will seek accreditation by AAAHC.

b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

1 Pain Management Physician	1 Podiatrist	1 plastic Surgeon
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11. Access to ASTCs.

In light of Rule 0720-11.01, this lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration.

NA

b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

NA

c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

NA

d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times? The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

NA